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California in Crisis
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William Voegeli
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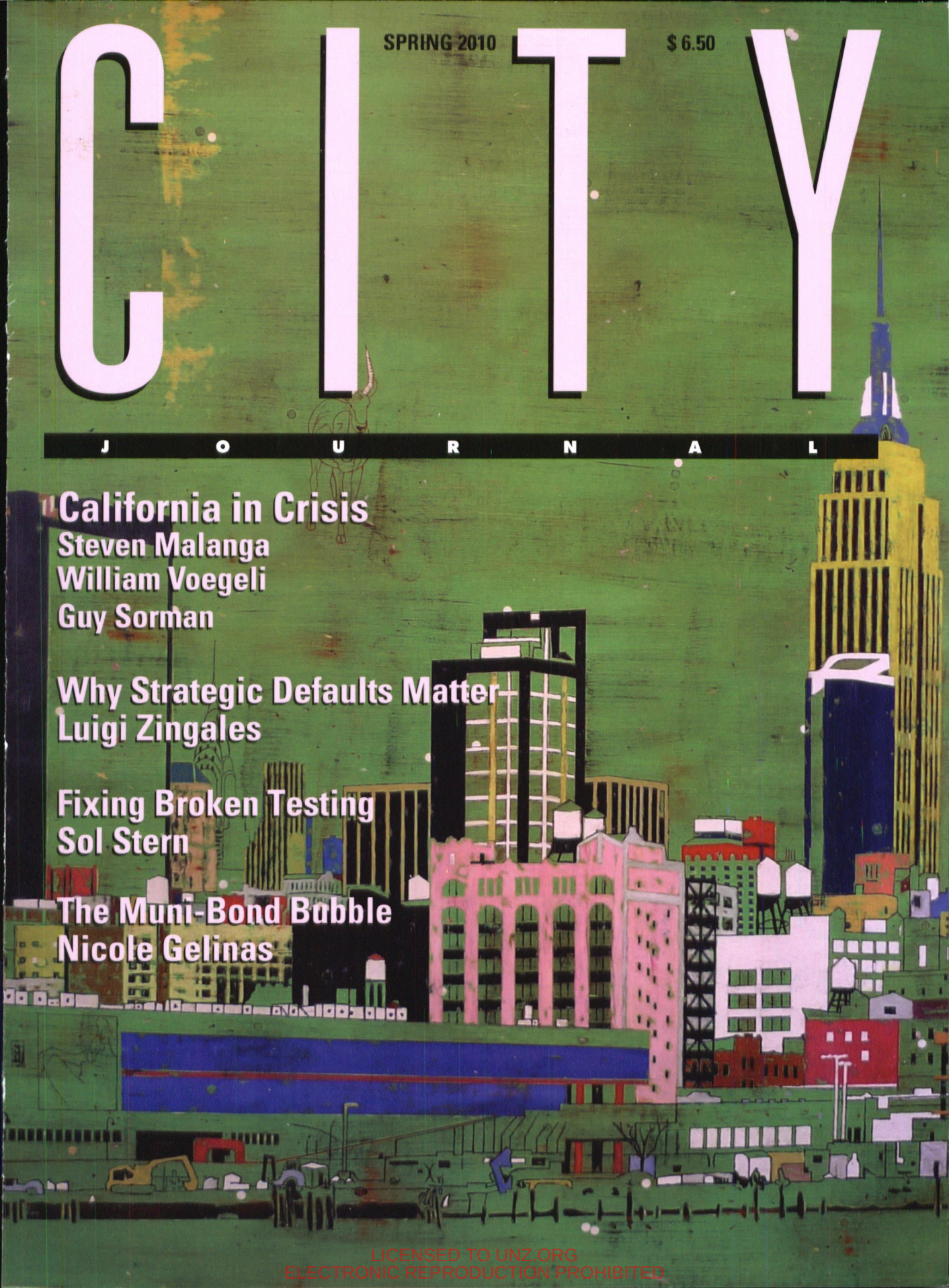
Why Strategic Defaults Matter
Luigi Zingales

Fixing Broken Testing
Sol Stern

The Muni-Bond Bubble
Nicole Gelinas



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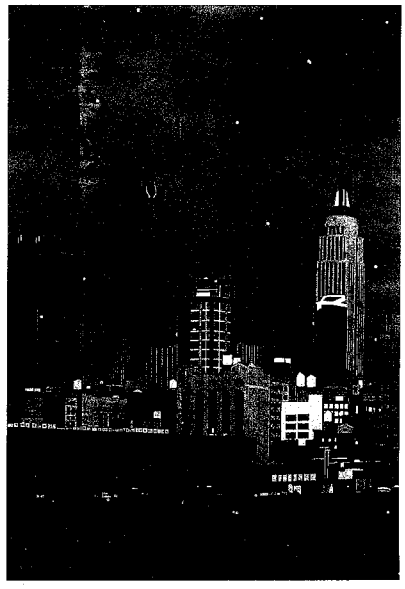

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In Prospect

Thirty years ago, Joel Kotkin and Paul Grabowicz celebrated "California, Inc.," a state that would set the pace for the next American century, thanks to its growing population, robust economy, innovative spirit, proximity to the Pacific Rim, and sunny climate. The Golden State had everything going for it. The California of 2010 is a basket case. The unemployment rate is one of the nation's worst, people and firms are fleeing, and the budgetary outlook is bleak. Pundits wonder if it might be America's first "failed state."

So what happened? Blame public-sector unions for much of the mess, argues Steven Malanga in "The Beholden State," the first of our cover stories on California's crisis (on page 16). Malanga retraces the history of how union power transformed California into a place where politicians must do labor's bidding. No surprise that government workers have come to thrive at the battered private sector's expense. With the U.S.'s highest-paid teachers, absurdly generous deals letting cops retire in their mid- or even early fifties with fat pensions, and prison guards bringing home six-figure salaries, California has increased spending to stratospheric levels, requiring prosperity-killing taxes and other fees and unsustainable budget deficits to pay for it all. Meanwhile, infrastructure crumbles, classrooms are overcrowded, and towns like Vallejo, out of money, have to slash basic services. As Malanga's essay underscores, California's plight is a warning to the rest of the nation, including New York, where the same union capture of politics is taking place. The good news: Californians are fed up and may force salutary political change this November.

Ask liberals what's wrong with California, and they'll often say, "Proposition 13," the 1978 state ballot initiative that shrank property taxes and made it tougher for lawmakers and assessors to hike taxes in the future. Not so, responds William Voegeli in "Don't Blame Proposition 13" (page 30): California government still has lots of money—indeed, its revenue per capita is well above the national average. The real problem is excessive state and local spending and the lousy use made of those substantial funds.

If California's economy has a bright spot, it's Silicon Valley, where high-tech wizardry and entrepreneurial energy abound. But for how long? In "The Silicon Lining" (page 34), Guy Sorman interviews venture capitalists, business leaders, and industry watchers and finds some optimism about the future—but also growing concern that California's antibusiness policies may drive many Valley firms to friendlier climes.

Back on the East Coast, urban economist Edward L. Glaeser's "Preservation Follies" (page 62) shows how the extension of landmarking from unique, aesthetically beautiful buildings to whole districts, filled with commonplace architecture, has hurt New York City's growth and increasingly made Manhattan a preserve of the prosperous. Glaeser recommends a more reasonable balance of preservation and dynamic change.

"Can New York Clean Up the Testing Mess?" That's Sol Stern's big question, on page 54. Statewide math and reading tests have shown wildly implausible gains lately, so much so that in some districts the number of students scoring above proficient has hit nearly 100 percent. (Stern calls this the "Lake Wobegon Effect," a reference to Garrison Keillor's stories about a town where "all the children are above average.") Stern examines the sources of the test inflation—perverse incentives from the No Child Left Behind act, failed state and local leadership, and the desire of officials to celebrate seemingly miraculous school achievements—and shows how the distortion cripples meaningful education reform and harms kids. Thankfully, two top New York education officials are tackling the problem. If they succeed, they could make New York a standard-bearer for educational honesty.

Honesty about the past is the theme of two brilliant pieces of investigative journalism in this issue. Claire Berlinski's "A Hidden History of Evil" (page 78) looks at unexamined Soviet archives smuggled out by dissidents and wonders why no one seems to care about the shocking things they reveal about the Cold War's closing years. Judith Miller's "When Germ Warfare Happened" (page 86) revisits Japan's use of bioweapons against China generations ago, the effects of which continue to be felt in the Chinese countryside.

—Brian C. Anderson

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Soundings

Block Grants Forever

A deathless program and its long record of failure

Steven Malanga

Earlier this year, a federal judge decided to let the Association of Community Organizations for Reform Now (Acorn) continue receiving money through the federally funded Community Development Block Grant program (CDBG). Critics of the controversial activist group were outraged: after all, Congress had banned it from participating in federal programs after embarrassing videos showed its mortgage counselors advising undercover journalists on how to break the law. As it turns out, the judge's decision probably won't be enough to keep Acorn from going out of business. But the real outrage is that CDBG still exists.

Nearly four decades old, CDBG has dished out some $120 billion in local grants over the years, with little to show for all that taxpayer money. Designed initially as a community-rebuilding and antipoverty effort, CDBG doesn't require its beneficiaries to prove that they are, in fact, improving their local communities or reducing poverty. As a result, the program has evolved into little more than a congressional patronage tool, a free ride for politically connected social programs that have never demonstrated their effectiveness, and a way for municipal politicians to finance their favorite schemes when their own budgets come under pressure.

The CDBG program was a reaction to the Johnson administration's Great Society efforts, which had tried to use massive federal spending to rebuild deteriorating urban neighborhoods, stimulate local economies, and even stitch together the sense of community that was disappearing from inner cities. Johnson's successor, Richard Nixon, decided to contain the vast federal bureaucracy that these programs had spawned by giving money directly to states and cities, where local politicians would administer it. Congress and the Nixon administration accordingly gave localities wide discretion in how to spend the money.

The Nixonites' faith in local officials now seems quaint, considering the way they began manipulating the program almost immediately. Often ignoring the most distressed communities, local pols channeled the grants into their pet projects, including tennis courts and parks in affluent areas, purchases of CB radios and other perks for senior-citizen centers, and new roads and other infrastructure improvements in thriving neighborhoods. Officials claimed that this spending would provide employment to the poor, though there was never any evidence of that.

The widespread abuse of the program prompted immediate calls for reform. In 1976, presidential candidate Jimmy Carter complained about "frivolous" uses of the federal aid and promised changes. But once elected, Carter realized that CDBG could be a formidable political tool; rather than reform it, he vastly expanded the grants so that any community in America could qualify for them. In doing so, he won the support of Washington Republicans as well as Democrats and of small-town councils as well as big-city mayors. This widespread backing helped insulate the program from efforts by Carter's successor, Ronald Reagan, to kill it.

Block grants soon became a national scandal. In the 1980s, an investigation by the general counsel of the Department of Housing and Urban Development found rampant favoritism in awarding the grants and disclosed that members of Congress were using the program for their own pet projects inserted into HUD's appropriations bills, from sugarcane mills in Hawaii to a library and recreation center on Mackinac Island in Michigan to a county courthouse in Newport, Washington. A few years later, President Clinton's transition team criticized the program for "systematic plunder of many millions of taxpayer dollars." Still, when big-city mayors who had backed Clinton presented him with a list of projects that were "ready to go" if he could find the funding, the new president proposed a $2.5 billion increase in block grants. And though Clinton promised to clean up the program, a 1999 audit by the General Accounting Office found that CDBG was in worse shape than ever.

Realizing CDBG's sorry track record, the George W. Bush administration tried to cut its funding significantly and redirect what would be left of the program into narrower, more

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focused, economic-development projects in poorer neighborhoods. Bush's Office of Management and Budget even proposed new standards to evaluate the effectiveness of such programs, including requiring measurable results like declining poverty rates and rising income levels. But Congress resisted making changes, and Bush's critics, ignoring the long history of CDBG ineffectiveness, blasted the president for wanting to slash aid to cities. Former Baltimore mayor Martin O'Malley ludicrously compared the proposed cuts to a terrorist attack.

BRUCE GILDEN/MAGNUM PHOTOS

The program has survived one damning report and investigation after another. In 2004, a *Buffalo News* investigative series concluded that the city had squandered virtually all of the $550 million it had received in block-grant money since the 1970s—a significant discovery, considering that Buffalo had won more CDBG funding per capita than any other American community. The paper found that "city hall frittered away much of the money through parochial politics and bureaucratic ineptitude," an assessment that Buffalo officials didn't even dispute. The city's mayor, Anthony Masiello, told the *News* that CDBG was "a politically motivated system," while city council member Joseph Golombek, Jr. later said that local politicians were "pigs feeding at the trough" of the program. Left unanswered was why there had been so little federal oversight during all those years of abuse.

The CDBG program should be even safer under President Obama. As a presidential candidate in 2008, he described it as his Number One spending initiative for cities. The grants were "an important program that provides housing and creating [*sic*] jobs for low- and moderate-income people and places," Obama said.

In the long history of CDBG, perhaps the most comical abuse of funds occurred when the mayor of a small Texas town illegally used tens of thousands of dollars to pay for psychic readings. While it's not recorded what the psychic told the mayor, it could very well have been something like this: "Your tenure, Mr. Mayor, is likely to be short. But block grants—they'll go on forever."

A Basic Income for All?

German free marketeers turn to an innovative idea.

Cameron Abadi

Europeans may find it impossible to imagine dismantling their welfare states, but they are increasingly confronting the possibility that a shake-up is overdue. For some countries, like Greece and Spain, fiscal woes are forcing the issue. In Germany, by contrast, the problem is less urgent but more profound. There, the welfare state is undergoing a crisis not of liquidity but of legitimacy.

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Soundings

BRUCE DAVIDSON/MAGNUM PHOTOS

Germans are attached to a social system that provides for the indigent, but they're increasingly confounded by its scope. When the country wove its substantial safety net, most Germans assumed that reliance on it would be unusual. That assumption has lost its credibility over the last several decades, as high rates of unemployment have persisted. And so, where the welfare state was meant to foster societal cohesion, it has led to a hardening of social divisions; resentment simmers among the middle classes, while the disaffected cultivate a defensive attitude. Everyone agrees that a bargain has been broken, but no one knows quite where the violation has taken place.

In January, Germany's high court initiated the latest round of finger-pointing, declaring that the nation's standardized levels of unemployment assistance were calculated in a way that violated recipients' constitutional right to "dignity"—basically, that the assistance wasn't generous enough. The head of the free-market Liberal Party countered that any suggestion that the unemployed receive still more money threatened to sink Germany into an era of "late Roman decadence." And so on.

Only a few policymakers and intellectuals, mostly conservatives, have separated themselves from the rhetorical scuffles to offer a genuine systematic critique. The upshot of their analysis comes as a surprise to many Germans—as it would, no doubt, to many Americans. According to a growing bloc of Christian Democrats—under the leadership of Dieter Althaus, former premier of the German state of Thuringia—the problem isn't that the state is providing insufficient incentives to work, but rather that the state is enforcing a duty to work at all. The only way that Germany can honor people's right to material dignity while freeing the labor market of distortions, they argue, is by means of *bedingungsloses Grundeinkommen*, or unconditional basic income: a single monthly payment, pegged to levels currently received by the unemployed, guaranteed to every citizen from cradle to grave.

Basic income isn't a new concept. It's been debated among scholars and policymakers in a number of Western countries since the 1970s and has even found fertile ground in the United States. It's a close relation of Milton Friedman's idea of a negative income tax, and it made it onto President Richard Nixon's agenda under the portfolio of his advisor Daniel Patrick Moynihan. Its most recent American advocate has been Charles Murray. In his book *In Our Hands*, Murray suggests that America dispose with unemployment insurance, Medicare, and Social Security, replacing them with a yearly $10,000 grant paid to every adult.

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German advocates of such an approach say that the move would save the state money. After all, there would be no bureaucracy to support, no red tape to manage, and no social workers to supervise. Of course, it would also demand a radical realignment of the German economy's moral guideposts. The current understanding is that there's no such thing as a free lunch. The unemployed receive assistance, but only on the condition that they actively seek work. People on the dole have to show up at "job centers," where they can be ordered to appear at interviews or asked to furnish proof that they've sent out a given number of job applications. If a German isn't currently employed, the state assumes the duty to train him for a job, or at least cajole him into finding one.

But the proponents of guaranteed basic income point out that this system is crippled by moral hazard. There are so many exceptions to the duty to pursue work, and so few examples of real sanctions for not doing so, that nobody will be allowed to suffer hunger or homelessness on the state's watch. More fundamentally, basic-income advocates argue that the duty to pursue work is based on the mistaken assumption that there's work to be had. A growing number of economists suggest that Germany reconcile itself to the fact that in the postindustrial age, the country will provide ever fewer opportunities for low-skilled workers. In this context, policies in pursuit of full employment make no sense; indeed, the demands currently made on the out-of-work are nothing less than perverse. If the long-term unemployed have no meaningful chance to advance a career, what purpose does it serve for the state to monitor and control their activities?

Furthermore, the advocates of basic income say, the contemporary mind-set has allotted to salaried work an exaggerated role in shaping personal identity. Basic income would allow Germans to combine different avenues of part-time work or pursue types of labor that aren't normally honored with pay, such as caring for the elderly. (This is an important difference between Murray's concept and the German one: Murray sees his yearly $10,000 grant as a spur to work; the German variation pivots on the belief that many Germans ought to be taking up pursuits outside the classic economic framework.) Also, basic income would encourage citizens to think more like entrepreneurs in pursuing work and allow unfettered labor markets to regain control over wages. It's no surprise that Germany's powerful national unions—and their traditional allies in the Social Democratic Party—have argued vociferously against the idea.

For now, it all seems little more than a thought experiment. Chancellor Angela Merkel, head of the Christian Democrats, seems inclined to raise the rates of handouts in response to the recent high-court decision, rather than consider more wholesale change. But disillusionment with the current welfare regime is real and mounting. If Merkel wants to understand German frustrations, she should pay careful attention to what the mavericks in her own party have to say. And she should do so soon: it's not clear how much longer the center will hold.

The *Odd Couple* Metric

New York isn't Felix and Oscar's city any more.

Tevi D. Troy

Crime experts and citizens alike have been wondering how it's possible that crime in New York City continues to go down during a crippling recession. In 2009, Gotham set a record for its fewest homicides since record-keeping began (though the murder rate has risen in early 2010). Statistics are, of course, a useful way of showing long-term trends. A more novel way to chart the crime drop in New York is by watching old episodes of a popular TV show that went off the air 35 years ago.

The Odd Couple, a smartly written sitcom about two mismatched divorced guys sharing a Manhattan apartment, ran on ABC from 1970 through 1975. During the show's 114-episode run, the finicky Felix Unger (Tony Randall) and the sloppy Oscar Madison (Jack Klugman) were mugged and robbed multiple times, and the frequent and detailed discussion of crime didn't seem out of place even in what was, after all, a sitcom and not a police procedural. After

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getting robbed in one episode, Felix describes the perpetrators as "two male Caucasians; one had mud on his shoes and tomato stains on his shirt, the other needed a haircut." In other episodes, Felix's ex-wife is robbed, Felix and Oscar join an ineffectual civilian patrol, and vandals strip the pair's new car to its skeleton.

Despite or perhaps because of the frequent crime, the police seem unready for the task of maintaining order, though they do arrest the (mostly) law-abiding heroes on various occasions for ticket-scalping, gambling, and suspicion of murder. Felix and Oscar's best friend, Murray Greshler, is a particularly clueless gendarme; he stays up late playing poker because, he boasts, he can sleep the next day while his rookie partner does the driving. When Oscar offers Murray a $5 bribe, he grumbles that he usually gets $10.

At one point, Oscar, who is a sportswriter for the *New York Herald*, writes a column about the manifold ways in which New York is failing, replete with creaky one-liners like "New York crime is just a rumor started by half a million victims" and "Central Park was filled with couples holding hands. Up." Felix tries to prove that New Yorkers aren't as awful as Oscar claims, but he's thwarted at almost every turn. There is, of course, a feel-good ending tacked onto the end of the episode, but Felix's failures outnumber his successes on this front.

The recurrence of crime in *The Odd Couple* stands in stark contrast to the far more peaceful shows of later decades—Manhattan-based sitcoms like *Friends* and *Seinfeld* in the 1990s and the outer-borough-based *Everybody Loves Raymond* and *The King of Queens* in the 2000s. Even the gay thugs who threaten *Seinfeld*'s Kramer on a number of occasions for insufficient sympathy to homosexual causes are much more indicative of political correctness run amok than of endemic criminality.

The period depicted in *The Odd Couple* represented liberalism's apex in New York City, a period vividly and scarily drawn by Vincent Cannato in *The Ungovernable City*, a chronicle of John Lindsay's mayoral reign. Since then, policy advances like community policing, the Broken Windows theory of crime prevention, and serious statistical measurement of crime patterns have made New York far more livable than when Felix and Oscar occupied 1049 Park Avenue. As we enjoy a safe walk through Central Park while marveling that the recession hasn't unleashed a new crime wave, we should remember that it wasn't that long ago that crime's relentless presence could reach us in myriad ways, including through our television screens.

Subway Lessons from Madrid

New York, take note.

Benjamin Villanti

Sixty years ago, New York tore down its last elevated lines in Manhattan to make way for a Second Avenue subway line. Today, New Yorkers are still waiting for it. A groundbreaking ceremony took place in 2007 as part of a more modest plan for the long-delayed line, which would now run from 96th to 63rd Streets, with three new stations in its first phase. But the Metropolitan Transportation Authority, which originally set a 2013 deadline for this phase, has since reported that it may not be complete until 2017. A Federal Transit Administration study projects 2018.

The Second Avenue line's problems aren't unusual. Whether it's an extension of the Number 7 line from Times Square to the Far West Side of Manhattan, a Long Island Rail Road tunnel to Grand Central Terminal, or a downtown transit hub, New York's transit projects languish for the same reasons: cost overruns, budget shortfalls, and misplaced political priorities. While the New York skyline grows taller and wider, the city's underground stagnates; in fact, the subway is smaller, in terms of total track miles and stations in operation, than it was in the 1940s.

How to turn things around? New York might take instruction from an unlikely place: Madrid, Spain, which first opened its subway in 1919. Between 1995 and 2007, the Spanish capital swiftly and cost-effectively upgraded its subway system, building more than 150 new stations over 120 miles at costs far below New York City rates. First, in just four years, Madrid designed, constructed, and opened 39 new metro stations and

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laid 35 miles of rail, 23.5 miles of which required new tunneling. The expansion was unprecedented for its low costs (about $65 million per mile of rail) and speed. Then, between 2000 and 2003, Madrid built Metro Sur, a 28-station, 25-mile circular subway line that connects the densely populated municipalities south of the city. Simultaneously, Madrid completed a direct metro line from the city's central business district to its airport, now a 12-minute train ride away. Finally, between 2004 and 2007, commuters in the Madrid region gained an additional 80 new metro and light-rail stations, at a cost of $6 billion.

Meanwhile, it takes an hour or longer to get from Manhattan to JFK by mass transit—a rickety subway ride and then a luggage-schlep to the AirTrain for an additional $5. The MTA's plan for extending the Number 7 line, on the drawing board since 2002, calls for new track totaling 1.2 miles, and a mere two new stations, at a cost of $2 billion. Construction finally began in late 2007, and the original plan for a two-station addition has been downgraded to one. As for the Second Avenue subway, even if the first phase *is* finished by 2017, the best estimate that the MTA ever offered for completing the entire 8.5 mile, 16-station line is sometime between 2020 and 2025, for a total cost of $16 billion. That's nearly $1.9 billion per mile.

How has Madrid been able to achieve so much? Perhaps most crucially, its transit upgrades have enjoyed muscular political support. In 1995, Alberto Ruiz-Gallardón was elected president of Madrid's Autonomous Community, an entity similar to an American state, on a promise of building 17 miles of new metro track within four years. He made good on his word. In 1999, Gallardón, having delivered on his pledge and having exceeded it, won reelection on a platform to build even more ambitious metro expansions.

To raise the large amounts of money required and avoid European Union rules limiting government debt, policymakers devised a combination of public authorities and public-private partnerships. In the partnerships (used, for example, to build the light-rail lines), construction companies spent their own money to fund the work and received concessions to operate the new lines, earning revenues from ticket sales and subsidies from Madrid's transit authority. But the subsidies are based on formulas that don't shield the companies from risk if rider demand proves less than forecast.

If Madrileños can do this, why can't New Yorkers? To be fair, labor is more expensive in New York, partly because Spanish local governments and construction firms don't pay for their employees' health insurance, which the national government provides. But New York suffers from a host of labor problems that inflate costs and contribute to the delays. The union for New York City's tunnel workers is much less cooperative than unions in Europe. It protects bad workers, for instance, while union rules require multiple workers to run or service machines that a single worker attends in Spain. But in the end, it comes down to political priorities. The sobering fact is that New York transit riders don't constitute a special-interest group nearly as powerful as transit workers.

While Madrid's citizens enjoy what they've created, New Yorkers will watch trains and platforms become even more overcrowded as the city struggles to accommodate the 1 million new residents projected to live there by 2030. Signal malfunctions, service disruptions, and unpredictable train arrivals will continue to inconvenience commuters, while also eroding regional productivity and economic competitiveness. Adding insult to injury, the MTA continues to increase fares and impose service cuts. If New York hopes to enjoy a world-class transit system once again, it will need to break through the political stagnation and indifference that have hampered efforts for decades.

"You'll Never Be Alone"

America's strange new retirement communities

Christopher Clausen

As anyone knows who spends time in the sunshine latitudes of contemporary America, gated "55-plus communities" have been spreading faster than kudzu ever since the oldest cohort

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RICHARD KALVAR/MAGNUM PHOTOS

of baby boomers felt the first twinges of arthritis. The oddly age-specific phrase signifies that the developments in question are designed for the needs of the (relatively affluent) retired. Typically, at least one resident of each unit must be at least 55 years old, and no permanent resident can be a minor. Why 55 became the canonical age rather than 50 or 60 is hard to say, but the figure is now so deeply ingrained that the vast Del Webb chain uses the variation "55 or better" in all its advertising.

Now that I'm a whole decade better than 55, my wife and I recently drove more than 2,000 miles touring such properties in the Southeast. Our original goal was simply to visit friends from Indiana who had decided to spend the rest of their days in The Villages, a retirement empire that stretches halfway across the flatlands of north central Florida. That particular realm of gold, feelingly described by Andrew Blechman in *Leisureville*, seemed too unreal to appeal to us—an endless sprawl of "town centers," complete with ethnic themes and fake histories, around which you can observe hundreds of senior citizens tooling along on golf carts, day and night.

Florida sunshine, however, promised such a sublime change from the gray Northeast that it inspired an inspection tour of other, less grandiose, communities. Over the course of a few months, we visited half a dozen such places on the outskirts of Florida cities, beside Georgia lakes, or in verdant mountains. One hugged the bank of a South Carolina river and had just built an enormous shed for its residents' boats. All had lavish recreational facilities and activities directors who offered daily classes in how to use them. As these places repeatedly emphasize, they are for "active adults" and carefully avoid any resemblance to nursing homes. The whole experience boiled down to one basic appeal, summarized by the horrifying promise we encountered again and again: "You'll never be alone." Or, as one resident enthused, "It's like being back in high school!"

A succession of charismatic women in their twenties named Cyndi, Brandy, Misty, and Tara—I am not making the names up—led us through the neighborhoods, stopping every few minutes to talk animatedly with some resident who had succumbed to the same treatment six months or a year ago. Each a native of her territory, they were all the sort of fiddle-dee-dee sex bombs who transition effortlessly from high school cheerleading to selling middle managers from Milwaukee on top-of-the-line retirement homes while still keeping the wives charmed. Following them around was such a mindless pleasure that it was surprising to discover now

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and then that their grasp of figures was everything a sales manager could wish.

My wife, with the inbred politeness of a native Virginian, drove herself crazy trying to keep up with Brandy or Misty's relentless extroversion and invariably conveyed the misleading impression that she loved everything she saw, whether it was a three-room condo or a replica of Mount Vernon in modern materials. Meanwhile, the job of asking about construction, bylaws, monthly fees, and whether two people who never played golf would still be paying for the upkeep on a championship course fell to me. Only once did I come up with a question that had apparently never been asked. Most of the residences, no matter how small, had rooms with glass doors referred to as libraries. When I asked Cyndi or Tara whether built-in bookshelves were available as an option, she seemed utterly baffled. "Why," she wondered aloud, "would you want bookshelves in the library?"

With or without shelves, the outcome was always the same. Once we were back in the privacy of our accommodations, my wife fumed that she would rather die of rabies than live in something made out of Hardy Board, and it would be my duty to tell Misty or Cyndi that if it were up to me, we'd move here tomorrow, but unfortunately these houses reminded my wife of orange crates, or slightly more tactful words to that effect.

So in the end, little came of our 55-or-better tour, apart from the memory of following Quebec license plates up and down Interstate 95. Part of the reason was that these communities are designed for exceptionally outgoing people who love group activities, set a low value on privacy, and don't mind living in a mass-produced structure that is rarely built to outlast its owners by much. Another source of our paralysis is still more difficult to overcome because it seems to involve an abiding law of human nature, which is that as many men grow older, they become less tolerant of cold weather, while many women become less tolerant of heat. No retirement community I know of, from Maine to Miami, has found a way to deal with that dirty trick evolution can play on even the most gregarious couples.

Europe's Endangered Soul

Can the Continent survive the EU's expansion?

Philippe Nemo

The European Union faces a major problem of governance, completely apart from its current difficulties with Greece. The politicians, administrators, and economists who run it, blind to the profound cultural and sociological dimensions of European society, are pushing unwise policies: expanded borders for the EU and continued heavy immigration from non-European countries. This is because the EU's overseers, like all human beings, tend to be guided by their own interests. The bigger Europe gets, the more power, resources, and jobs flow to the bureaucracy of Brussels, and the more geopolitical prestige the Eurocrats gain. Thus the European machine has become self-propelled. And it has committed itself to a project that the peoples of Europe no longer understand.

This is something new. Until now, Europeans have broadly approved of the actions of the EU. The original idea of the EU's founders was to establish peace on the Continent after centuries of war. And the construction of a united Europe did bring peace—the first total peace over such a long period since the *Pax Romana*—and, with it, economic growth. Consequently, people went along with what Brussels decided. No one asked their opinion, to be sure, but they approved of the EU's overall direction, including stronger treaties and successive enlargements of the union, first to nine members, then 15, then 27.

The situation began to change with the fall of the Berlin Wall and the spread of globalization. A wholly new geopolitical situation required a rethinking of Europe: a redefinition of its purposes, structures, borders, and role alongside North America and the new Asia. But instead of rethinking, the technocrats have unhesitatingly marched forward, seeking to strengthen their bureaucracy as much as possible and to enlarge Europe indefinitely to the east and south.

They should have taken Europe's culture and identity into account. The EU was successful when it included fewer member countries because these countries shared a common culture.

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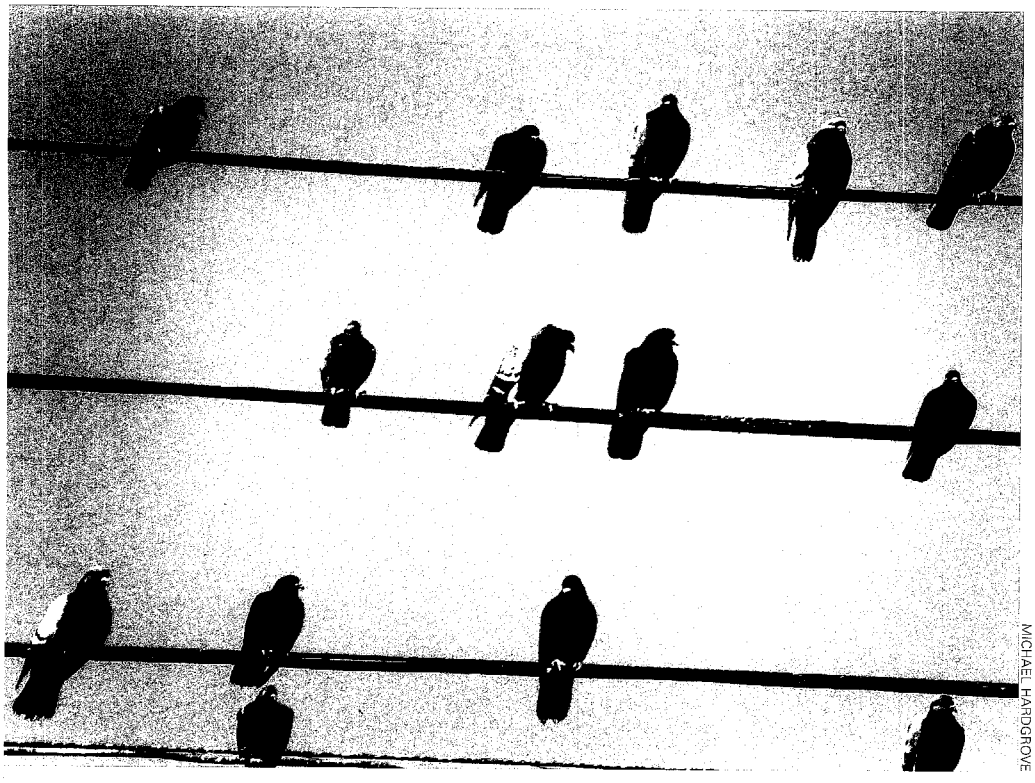

MICHAEL HARDGROVE

They had similar conceptions of the human person; of morality, law, and the state; of the proper powers of government; of the meaning of democracy. The common culture made it fairly easy to build European institutions and law. It's far from evident that the same happy result can be achieved by placing countries or peoples not sharing that culture under the same roof, either by enlarging the union or by accepting massive populations of immigrants from the Arab-Muslim world or from Africa.

The EU was never supposed to be an empire—that is, a union that diplomatically and militarily brings together various societies that preserve their identity and their internal means of civil and economic organization. Its founding idea, rather, was integration. The intention was to let residents of any member country communicate and cooperate directly with those of any other. The arrangement assumed that these people knew and respected the same rules of just conduct—that they shared laws and customs that made it possible to trade efficiently and without major clashes. A system of laws can never be fully explicit, of course; its proper functioning presupposes that people not only know the written code but also accept the same fundamental moral rules and even a certain common worldview by which they attribute the same meaning to particular rules. Failing this, communication is fraught with ambiguities and misunderstandings, and cooperation is blocked by litigation and conflict.

A common understanding of implicit rules is possible only within a relatively homogeneous culture. That's why the idea of "multiculturalism" is inherently absurd. I remark in passing that despite what some claim, American society is not multicultural, though it is no doubt diverse. Rather, it has always been, at least until very recently, "unicultural," with newer arrivals communing with the rest in a common faith in American values. The EU has functioned effectively until now because the societies it included likewise shared the same culture, shaped by Greco-Roman civilization and the Bible. This culture arose from a long history made up of the stages or "evolutionary leaps" that I analyze in my book *What Is the West?*

Now the question is whether the EU can function just as well if extended beyond the geographic borders of Europe, or if still more nonnative masses are admitted into its territory. At a certain point, countries reach a tipping point beyond which integration ceases to occur; schools cannot perform their assimilative function, and whole sections of cities become non-European. Immigration thus produces not

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Europeans but populations that retain their own cultures, often cultures incompatible with ours. As for the extension of Europe, it's clear that the EU already includes all the truly culturally European peoples (with the exception of some Balkan countries). Any further extension of the EU's borders can only bring in societies that do not share Europe's culture.

Yet the Eurocrats seem determined to continue in this direction, and this is where their rupture with public opinion is evident. Their blindness is aggravated by their tendency to live and socialize only among themselves, influencing and reassuring one another in the politically correct ideology that they absorb from the equally superficial media. The explanation for their policy may be that certain political forces and lobbies—for example, industrial interests that wish simply to gain access to cheap labor and keep wages low—wield disproportionate and undemocratic influence in Brussels.

The EU's technocratic folly threatens not just Europe's political institutions but its very soul: its humanist and philosophical thought, its scientific ideas, its art, its architectural and urban patrimony, its rich common history, and its Christian and Jewish religions. This inheritance is not just the heritage of the distant past; it is also the fruit of the united Europe that has emerged over the last half-century. Indeed, it is only this unification that, by bringing an end to European wars, has freed the countries of Europe from the fear that caused them to barricade themselves against one another. Not so long ago, the survival instinct impelled Europeans to fear their neighbors' virtues even more than their defects. Now that war is unthinkable, they are free to discover and appreciate one another without suspicion. The more I travel in Europe, the more I find to admire in each European country. I love German music, Italian painting and architecture, English humor, Spain's Escorial, Prague's castle, and all that is beautiful and good in Austria, Ireland, the Low Countries, Scandinavia, Hungary, and everything from Croatia to Portugal's Cape Saint Vincent. I find virtues in all the Europeans I meet; I find it easy and pleasant to imagine what we might do together in the future.

But at the exact moment when this community is beginning to gel, elites in Brussels argue that we should let it wither away by enlarging it as far as the Caucasus or the Sahara—or undermine it from the inside, in the name of multiculturalism. The result of this process will be a society in which the social bond is torn, where distrust prevents cooperation, and where life becomes more and more difficult. After waging cruel war for five centuries—ever since medieval ideas of empire and Christendom dissolved and rival nation-states emerged—we have finally brought an end to European wars by the free and consensual creation of the European Union. After just a few decades of precious existence, will this jewel of a united Europe disappear?

On Distraction

Our minds need to go on a diet.

Alain de Botton

One of the more embarrassing and self-indulgent challenges of our time is the task of relearning how to concentrate. The past decade has seen an unparalleled assault on our capacity to fix our minds steadily on anything. To sit still and think, without succumbing to an anxious reach for a machine, has become almost impossible.

The obsession with current events is relentless. We are made to feel that at any point, somewhere on the globe, something may occur to sweep away old certainties—something that, if we failed to learn about it instantaneously, could leave us wholly unable to comprehend ourselves or our fellows. We are continuously challenged to discover new works of culture—and, in the process, we don't allow any one of them to assume a weight in our minds. We leave a movie theater vowing to reconsider our lives in the light of a film's values. Yet by the following evening, our experience is well on the way to dissolution, like so much of what once impressed us: the ruins of Ephesus, the view from Mount Sinai, the feelings after finishing Tolstoy's *Death of Ivan Ilyich*.

A student pursuing a degree in the humanities can expect to run through 1,000 books before

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graduation day. A wealthy family in England in 1250 might have owned three books: a Bible, a collection of prayers, and a life of the saints—this modestly sized library nevertheless costing as much as a cottage. The painstaking craftsmanship of a pre-Gutenberg Bible was evidence of a society that could not afford to make room for an unlimited range of works but also welcomed restriction as the basis for proper engagement with a set of ideas.

The need to diet, which we know so well in relation to food, and which runs so contrary to our natural impulses, should be brought to bear on what we now have to relearn in relation to knowledge, people, and ideas. Our minds, no less than our bodies, require periods of fasting.

Personal Responsibility at the Founding

How the Framers coined a phrase as they created a nation

Mark Riebling

Personal responsibility is a big idea about which little is known. It has received far less study than other key conservative tenets, like economic choice. This lack of attention is striking because personal responsibility is a defining assumption in American thought. The untold story of how we came by this concept reveals the vital role that the Founders envisioned it would play in our national life.

The origin of the phrase itself has remained obscure. The second edition of the *Oxford English Dictionary*, which defines "personal shopper" and "personal assistant," ignores "personal responsibility." And while Oxford's lexicographers credit the first recorded use of "responsibility" alone to Alexander Hamilton, in 1787, in *Federalist* 63, that's wrong on three counts. First, Hamilton did not write *Federalist* 63; James Madison did. Second, *Federalist* 63 appeared not in 1787 but in 1788. Third, the word had already been used.

"Responsibility" entered written English on or by June 1, 1787, as the Constitutional Convention debated the motion "that the Executive consist of a single person." The idea evoked the hated specter of a king. South Carolina delegate Charles Pinckney warned that investing power in a president could mean "a monarchy, of the worst kind, to wit an elective one." At this fork in our national road—the transcriber noted "a considerable pause ensuing"—Benjamin Franklin spoke. "Before the question was put," he wished more discussion on "a point of [such] great importance." John Rutledge of South Carolina, noting "the shyness of gentlemen on this . . . subject," then backed a unitary executive, using a novel word for the president's ability to respond. "A single man," he said, "would feel the greatest responsibility and administer the public affairs best."

In the next six weeks of debate, responsibility became a capstone concept for the federal enterprise. It drove discussions of desired presidential character traits, and it spurred proposals to restrain the Senate from "medling [*sic*] with money bills." The term proved so serviceable that Madison, summarizing the sessions, reflected on July 17: "The responsibility of all to the will of the community seemed to be generally admitted as the true basis of a well constructed government."

The associated phrase "personal responsibility" appeared the next day. On July 18, opposing a motion that Congress nominate judges, Massachusetts representative Nathaniel Gorham argued that the president would be more likely to "look through all the states for proper characters." By contrast, Gorham said, "public bodies feel no personal responsibility, and give full play to intrigue and cabal."

The new phrase and its implications caught on quickly. In that same July 18 session, Virginia delegate Edmund Randolph urged keeping a public record of senators' votes in order to impose "personal responsibility." Hamilton used the term artfully, in *Federalist* 69, to contrast the powers of president and king. The American executive would be not "sacred and inviolable" but impeachable and removable—ruling in a "delicate and important circumstance of personal responsibility."

Of course, the Framers did not pioneer the concept of man as a personally responsible agent. That notion, arguably the greatest of all Western ideas, dates to line 32 of Homer's

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Odyssey, where Zeus asks people to stop blaming their bad choices on the gods. But the Federalists turned this ancient moral idea to newly practical ends. Of their first ten phrases involving responsibility, four dealt with the executive power, three with the legislative, two with the judiciary, and one with the general basis of good government.

Thus personal responsibility is not just an originally American formulation but a uniquely political one. The Federalists invented the phrase as they invented a nation. Presumably, the words floated through alehouses before they flowed from any statesman's pen. But among politically active men who wrote prolifically, the oral probably did not long precede the written use. "Responsibility" was a new word for a new world.

The phrase "personal responsibility" was only half new, however—and therein lies a deeper lesson. Though "personal" and "personality" dated to the 1380s, "responsibility" needed another 400 years to emerge. This half-millennial linguistic lag marked an arrested moral development. Our civilization developed personality early and responsibility late. Only the duties of democratic governance required a word to express the abstract principle, "a state of being responsible."

Who's Resurrecting New Orleans?

Mitch Landrieu sees a problem that city government can fix.

Nicole Gelinas

Mitch Landrieu, who takes office as New Orleans's first elected post-Katrina mayor in May, is already proving to be a radical—in a *good* way. "The city of New Orleans is not safe," he said in February. "When New Orleans is best known for crime, something is drastically wrong. That has to change."

Landrieu's calm assertion may not sound like much to someone living in a city used to competent policing. But it's a revolution for New Orleans. The city's long-held tolerance of poisonous violence was rooted in some combination of the following beliefs, not all of them in harmony with one another. First, crime isn't that high; it's a national media exaggeration, notwithstanding a per-capita murder rate that's eight times New York's figure. Second, crime is high, but the criminal-justice system can't do anything about it; crime is a by-product of illiteracy and poverty. Third, crime is high, but you shouldn't worry; if you're not dealing drugs, you probably won't end up dead.

But Katrina washed away these old attitudes. After the massive hurricane hit nearly five years ago, New Orleanians decamped to other cities and saw that these governments adequately protected public safety. When they returned, they decided that they were working too hard fixing up their houses and neighborhoods to let their city slip back into the old ways. New residents, too, demand some basic protections from the city in which they have invested so much. There's a strange new sense of self-sufficient competence infusing New Orleans, and citizens are trying to hold their government to the same standard.

To meet these new expectations, Landrieu says that he'll hire a top-notch police chief. He's taking advice from NYPD commissioner Ray Kelly and former LAPD chief William Bratton on this front. Achieving progress on crime will also require imperviousness to opportunistic critics. New Orleans's police and prosecutors must apply techniques such as stop-and-frisks and automatic prison sentences for illegal-weapons possession. Adopted elsewhere, these tactics have cut violence. But they've also attracted national race-baiters.

Landrieu, though, can keep the public on his side. Most black citizens voted for him—giving him a landslide victory—partly because they're fed up with crime and partly because they remember the legacy of his father, Moon Landrieu, who, as mayor in the seventies, led white political support for desegregation.

The younger Landrieu can do even more for civil rights. If he cuts murder and robbery rates, he'll save the lives of hundreds of black people over his term in office and open up economic opportunity to tens of thousands more.

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The Beholden State

How public-sector unions broke California

Steven Malanga

The camera focuses on an official of the Service Employees International Union (SEIU), California's largest public-employee union, sitting in a legislative chamber and speaking into a microphone. "We helped to get you into office, and we got a good memory," she says matter-of-factly to the elected officials outside the shot. "Come November, if you don't back our program, we'll get you out of office."

The video has become a sensation among California taxpayer groups for its vivid depiction of the audacious power that public-sector unions wield in their state. The unions' political triumphs have molded a California in which government workers thrive at the expense of a struggling private sector. The state's public school teachers are the highest-paid in the nation. Its prison guards can easily earn six-figure salaries. State workers routinely retire at 55 with pensions higher than their base pay for most of their working life. Meanwhile, what was once the most prosperous state now suffers from an unemployment rate far steeper than the nation's and a flood of firms and jobs escaping high taxes and stifling regulations. This toxic combination—high public-sector employee costs and sagging economic fortunes—has produced recurring budget crises in Sacramento and in virtually every municipality in the state.

How public employees became members of the elite class in a declining California offers a cautionary tale to the rest of the country, where the same process is happening in slower motion. The story starts half a century ago, when California public workers won bargaining rights and quickly learned how to elect their own bosses—that is, sympathetic politicians who would grant them outsize pay and benefits in exchange for their support. Over time, the unions have turned the state's politics completely in their favor. The result: unaffordable benefits for civil servants; fiscal chaos in Sacramento and in cities and towns across the state; and angry taxpayers finally

Illustrations by Sean Delonas

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confronting the unionized masters of California's unsustainable government.

California's government workers took longer than many of their counterparts to win the right to bargain collectively. New York City mayor Robert Wagner started a national movement back in the late 1950s when he granted negotiating rights to government unions, hoping to enlist them as allies against the city's Tammany Hall machine. The movement intensified in the early sixties, after President John F. Kennedy conferred the right to bargain on federal workers. In California, a more politically conservative environment at the time, public employees remained without negotiating power through most of the sixties, though they could join labor associations. In 1968, however, the state legislature passed the Meyers-Milias-Brown Act, extending bargaining rights to local government workers. Teachers and other state employees won the same rights in the seventies.

These legislative victories happened at a time of surging prosperity. California's aerospace industry, fueled by the Cold War, was booming; investments in water supply and infrastructure nourished the state's agribusiness; cheaper air travel and a famously temperate climate burnished tourism. The twin lures of an expanding job market and rising incomes pushed the state's population higher, from about 16 million in 1960 to 23 million in 1980 and nearly 30 million by 1990. This expanding population in turn led to rapid growth in government jobs—from a mere 874,000 in 1960 to 1.76 million by 1980 and nearly 2.1 million in 1990—and to exploding public-union membership. In the late 1970s, the California teachers' union boasted about 170,000 members; that number jumped to about 225,000 in the early 1990s and stands at 340,000 today.

The swelling government payroll made many California taxpayers uneasy, eventually encouraging the 1978 passage of Proposition 13 (see page 30), the famous initiative that capped property-tax hikes and sought to slow the growth of local governments, which feed on property taxes. Government workers rightly saw Prop. 13 as a threat. "We're not going to just lie back and take it," a California labor leader told the *Washington Post* after the vote, adding that Prop. 13 had made the union "more militant." The next several years proved him right. In 1980 alone, unionized employees of California local governments went on strike 40 times, even though doing so was illegal. And once the Supreme Court of California sanctioned state and local workers' right to strike in 1985—something that their counterparts in most other states still lack—the unions quickly mastered confrontational techniques like the "rolling strike," in which groups of workers walk off jobs at unannounced times, and the "blue flu," in which public-safety workers call in sick en masse.

But in post–Proposition 13 California, strikes were far from the unions' most fearsome weapons. Aware that Proposition 13 had shifted political action to the state capital, three major blocs—teachers' unions, public-safety unions, and the Service Employees International Union, which now represents 350,000 assorted government workers—began amassing colossal power in Sacramento. Over the last 30 years, they have become elite political givers and the state's most powerful lobbying factions, replacing traditional interest groups and changing the balance of power. Today, they vie for the title of mightiest political force in California.

Consider the California Teachers Association. Much of the CTA's clout derives from the fact that, like all government unions, it can help elect the very politicians who negotiate and approve its members' salaries and benefits. Soon after Proposition 13 became law, the union launched a coordinated statewide effort to support friendly candidates in school-board races, in which turnout is frequently low and special interests can have a disproportionate influence. In often bitter campaigns, union-backed candidates began sweeping out independent board members. By 1987, even conservative-leaning Orange County saw 83 percent of board seats up for grabs going to union-backed candidates. The resulting change in school-board composition made the boards close allies of the CTA.

But with union dues somewhere north of $1,000 per member and 340,000 members, the CTA can

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afford to be a player not just in local elections but in Sacramento, too (and in Washington, for that matter, where it's the National Education Association's most powerful affiliate). The CTA entered the big time in 1988, when it almost single-handedly led a statewide push to pass Proposition 98, an initiative—opposed by taxpayer groups and Governor George Deukmejian—that required 40 percent of the state's budget to fund local education. To drum up sympathy, the CTA ran controversial ads featuring students; in one, a first-grader stares somberly into the camera and says, "Pay attention—today's lesson is about the school funding initiative." Victory brought local schools some $450 million a year in new funding, much of it discretionary. Unsurprisingly, the union-backed school boards often used the extra cash to fatten teachers' salaries—one reason that California's teachers are the country's highest-paid, even though the state's total spending per student is only slightly higher than the national average. "The problem is that there is no organized constituency for parents and students in California," says Lanny Ebenstein, a former member of the Santa Barbara Board of Education and an economics professor at the University of California at Santa Barbara. "No one says to a board of education, 'We want more of that money to go for classrooms, for equipment.'"

The California Teachers Association can afford to be a player not just in local elections but in Sacramento, too.

With its growing financial strength, the CTA gained the ability to shape public opinion. In 1996, for instance, the union—casting covetous eyes on surplus tax revenues from the state's economic boom—spent $1 million on an ad campaign advocating smaller classes. Californians began seeing the state's classrooms as overcrowded, according to polls. So Governor Pete Wilson earmarked some three-quarters of a billion dollars annually to cut class sizes in kindergarten through third grade. The move produced no discernible improvements in student performance, but it did require a hiring spree that inflated CTA rolls and produced a teacher shortage. (The union drew the line, however, when it faced the threat of increased accountability. Two years later, when Wilson offered funds to reduce class sizes even more but attached the money to new oversight mechanisms, the CTA spent $6 million to defeat the measure, living up to Wilson's assessment of it as a "relentless political machine.")

During this contentious period, the CTA and its local affiliates learned to play hardball, frequently shutting down classes with strikes. The state estimated that in 1989 alone, these strikes cost California students collectively some 7.2 million classroom days. Los Angeles teachers provoked outrage that year by reportedly urging their students to support them by skipping school. After journalist Debra Saunders noted in LA's *Daily News* that the striking teachers were already well paid, the union published her home phone number in its newsletter and urged members to call her.

Four years later, the CTA reached new heights of thuggishness after a business-backed group began a petition to place a school-choice initiative on the state ballot. In a union-backed effort, teachers shadowed signature gatherers in shopping malls and aggressively dissuaded people from signing up. The tactic led to more than 40 confrontations and protests of harassment by signature gatherers. "They get in between the signer and the petition," the head of the initiative said. "They scream at people. They threaten people." CTA's top official later justified the bullying: some ideas "are so evil that they should never even be presented to the voters," he said.

The rise of the white-collar CTA provides a good example of a fundamental political shift that took place everywhere in the labor movement. In the aftermath of World War II, at the height of its influence, organized labor was dominated by private workers; as a result, union

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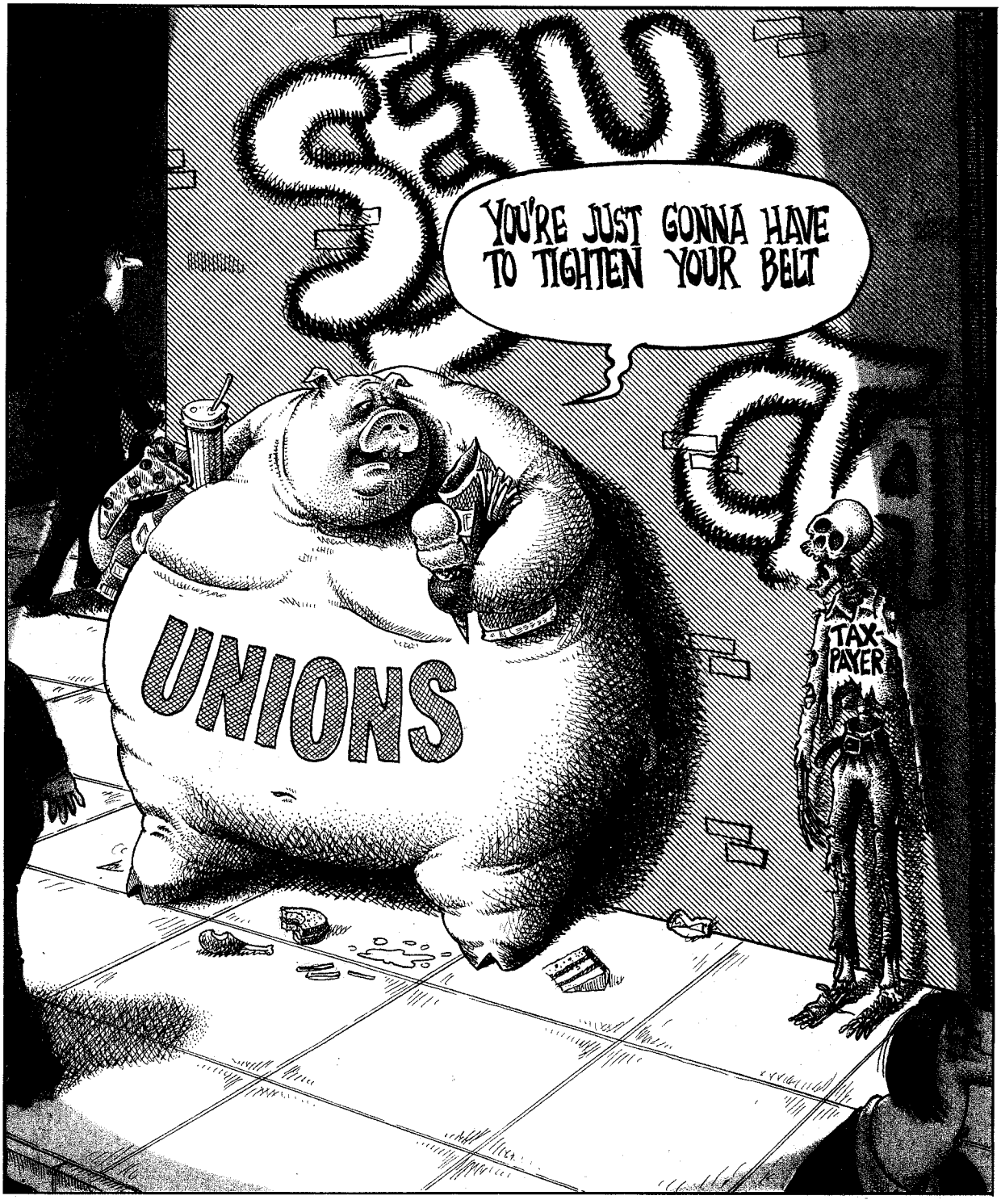

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members were often culturally conservative and economically pro-growth. But as government workers have come to dominate the movement, it has moved left. By the mid-nineties, the CTA was supporting causes well beyond its purview as a collective bargaining agent for teachers. In 1994, for instance, it opposed an initiative that prohibited illegal immigrants from using state government programs and another that banned the state from recognizing gay marriages performed elsewhere. Some union members began to complain that their dues were helping to advance a political agenda that they disagreed with. "They take our money and spend it as they see fit," says Larry Sand, founder of the California Teachers Empowerment Network, an organization of teachers and former teachers opposed to the CTA's noneducational politicking.

Public-safety workers are the second part of the public-union triumvirate ruling California.

Public-safety workers—from cops and sheriffs to prison guards and highway-patrol officers—are the second part of the public-union triumvirate ruling California. In a state that has embraced some of the toughest criminal laws in the country, police and prison guards' unions own a precious currency: their political endorsements, which are highly sought after by candidates wanting to look tough on crime. But the qualification that the unions usually seek in candidates isn't, in fact, toughness on crime; it's willingness to back better pay and benefits for public-safety workers.

The pattern was set in 1972, when State Assemblyman E. Richard Barnes—an archconservative former Navy chaplain who had fought pension and fringe-benefit enhancements sought by government workers, including police officers and firefighters—ran for reelection. Barnes had one of the toughest records on crime of any state legislator. Yet cops and firefighters walked his district, telling voters that he was soft on criminals. He narrowly lost. As the *Orange County Register* observed years later, the election sent a message to all legislators that resonates even today: "Your career is at risk if you dare fiddle with police and fire" pay and benefits.

The state's prison guards' union has exploited a similar message. Back in 1980, when the California Correctional Peace Officers Association (CCPOA) won the right to represent prison guards in contract negotiations, it was a small fraternal organization of about 1,600 members. But as California's inmate population surged and the state went on a prison-building spree—constructing 22 new institutions over 25 years—union membership expanded to 17,000 in 1988, 25,000 by 1997, and 31,000 today. Union resources rose correspondingly, with a budget soaring to $25 million or so, supporting a staff 70 deep, including 20 lawyers.

Deploying those resources, the union started to go after politicians who didn't support higher salaries and benefits for its members and an ever-expanding prison system. In 2004, for example, the CCPOA spent $200,000—a whopping amount for a state assembly race—to unseat Republican Phil Wyman of Tehachapi. His sin: advocating the privatization of some state prisons in order to save money. "The amount of money that unions are pouring into local races is staggering," says Joe Armendariz, executive director of the Santa Barbara County Taxpayers Association. A recent mayoral and city council election in Santa Barbara, with a population of just 90,000, cost more than $1 million, he observes.

The symbiotic relationship between the CCPOA and former governor Gray Davis provides a remarkable example of the union's power. In 1998, when Davis first ran for governor, the union threw him its endorsement. Along with those much-needed law-and-order credentials, it also gave Davis $1.5 million in campaign contributions and another $1 million in independent ads supporting him. Four years later, as Davis geared up for reelection, he awarded the CCPOA

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The Beholden State

a stunning 34 percent pay hike over five years, increasing the average base salary of a California prison guard from about $50,000 a year to $65,000—and this at a time when the unemployment rate in the state had been rising for nearly a year and a half and government revenues had been falling. The deal cost the state budget an additional $2 billion over the life of the contract. A union official described it admiringly as "the best labor contract in the history of California." Eight weeks after the offer, the union donated $1 million to Davis's reelection campaign.

Even cops who run for office have felt the wrath of public-safety unions. Allan Mansoor served 16 years as a deputy sheriff in Orange County but angered police unions by publicly backing an initiative that would have required them to gain their members' permission to spend dues on political activities. When the conservative Mansoor ran successfully for city council several years back in Costa Mesa, local cops and firefighters poured resources into helping his more liberal opponents. "I didn't like seeing my dues go to candidates like Davis, so I supported

Vallejo Goes for Broke

Steven Greenhut

As California cities and counties struggle to fulfill the generous pay and pension commitments that they made to public employees during flush economic times, some politicians have taken comfort in a usually forbidding word: bankruptcy. Top officials in Los Angeles and San Diego have raised the B-word in recent weeks, and almost everyone is paying attention to developments in Vallejo (population 117,000), on the edge of the San Francisco Bay Area. The blue-collar port city filed for bankruptcy in May 2008, after it couldn't pay its bills. Now, observers are watching to see whether Vallejo—the biggest California city to file for bankruptcy so far—offers a road map out of the mess.

Blame Vallejo's politics, dominated by public-sector unions, for the city's sorry fiscal situation. "Police and firefighter salaries, pensions and overtime accounted for 74 percent of Vallejo's $80 million general budget, significantly higher than the state average of 60 percent," reported a 2009 Cato Institute study. The study highlighted a shocking level of enrichment: pay and benefit packages of more than $300,000 a year for police captains and *average* firefighter compensation packages of $171,000 a year. Pensions are luxurious: regular public employees can retire at age 55 with 81 percent of their final year's pay guaranteed, come hell or a stock-market crash. Police and fire officials in Vallejo, as in much of California, can retire at age 50 with 90 percent of their final year's pay guaranteed, including cost-of-living adjustments for the rest of their lives and the lives of their spouses. And that's before taking advantage of the common pension-spiking schemes that propel payouts even higher.

When a city spends so much taxpayer money on retirees, it doesn't have much left over for services. That's why Vallejo has been slashing police services and has even warned residents to use the 911 system judiciously. "Since 2005, the number of police officers has dropped from 158 to 104," a *San Francisco Chronicle* editorial about Vallejo pointed out recently. "In 2008, Vallejo had a higher violent crime rate than any other comparable city in California." And it isn't just safety that has suffered. A 2008 *Chronicle* article reported on a budget plan that "cuts funding for the senior center, youth groups and arts organizations, to the dismay of residents." Citizens complain about an increasingly decrepit downtown.

All this thrift could go only so far, however. Hence Vallejo's bankruptcy, which could theoretically remove the city's crushing obligations to retired employees. Unfortunately, it

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efforts to curb that," Mansoor says. "Union leaders didn't like it, so they endorsed my opponents by claiming they were tougher on crime than I was."

Even more troubling are the activities of the California Organization of Police and Sheriffs (COPS), a lobbying and advocacy group that has raised tens of millions of dollars from controversial soliciting campaigns. In one, COPS fund-raisers reportedly called residents of heavily immigrant neighborhoods and threatened to cut off their 911 services unless they donated. In another, a COPS fund-raiser reportedly offered to shave points off Californians' driving records in exchange for donations. The group has dunned politicians, too. In 1998, it began publishing a voter guide in which candidates paid to be included. Pols considered the money well spent because of the importance of a COPS endorsement—or at least the appearance of one. "We all use them [COPS] for cover, especially in years when law enforcement is a big issue in elections," one state senator, Santa Clara's John Vasconcellos, admitted to the *Orange County*

isn't clear yet whether the pension promises will actually wind up rescinded. Yes, a judge has ruled that "city labor contracts can be overturned in bankruptcy," reports Ed Mendell on his well-respected CalPensions blog, but a " 'workout plan' approved by the city council in December, described as an opening position in labor negotiations, cuts nearly all general fund spending, except for employee pensions." Though the city eventually voted to reduce firefighter pensions for new hires and to require a larger pension contribution by firefighters, it did not touch existing pensions or pensions for police officers. Vallejo's avoidance of the pension issue makes it less likely that other cities could declare bankruptcy and then easily dispose of their burdensome pension promises.

That's unfortunate, because plenty of California cities are in similar straits. For years, local elected officials in Vallejo and throughout the state (and the nation, for that matter) have rapidly fattened pension benefits for public employees, worrying more about the next election cycle than about the ability of their municipalities to make good on all the lush promises. Once these contracts are approved, they become binding and must be fulfilled on the backs of current and future taxpayers.

True, the Orange County Board of Supervisors, which granted massive pension increases twice in the past decade, is making an unusual legal attempt to reduce its pension obligations: it's pursuing a lawsuit claiming that the retroactive portion of one increase was an unconstitutional gift of public funds. That's a worthy effort but a long shot. Most California jurisdictions think that bankruptcy is a more feasible alternative if salary and pension costs push them toward insolvency.

The *Chronicle* editorial, taking Vallejo to task for entering bankruptcy, prescribes two alternatives: more "help" from Sacramento (a nonstarter, given the state's nearly $21 billion budget deficit) and higher local taxes. That's certainly what California's muscular public-sector unions would like to see. They backed legislation that would make it nearly impossible for localities to abrogate their labor contracts in a bankruptcy. Now they're advocating tax-raising plans and railing against the two-thirds vote requirement to pass budgets and tax increases in the California State Legislature.

Cities across the nation should pay close attention to Vallejo's workout plan. If bankruptcy isn't a fix for past profligate spending on public employees, then more debt and higher taxes may be inevitable—a sobering thought in an already-struggling economy.

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Register. "It stopped the right wing from calling me soft on crime."

The results of union pressure are clear. In most states, cops and other safety officers can typically retire at 50 with a pension of about half their final working salary; in California, they often receive 90 percent of their pay if they retire at the same age. The state's munificent disability system lets public-safety workers retire with rich pay for a range of ailments that have nothing to do with their jobs, costing taxpayers hundreds of millions of dollars. California's prison guards are the nation's highest-paid, a big reason that spending on the state's prison system has blasted from less than 4.3 percent of the budget in 1986 to more than 11 percent today.

California's third big public-union player is the state wing of the SEIU, the nation's fastest-growing union, whose chief, Andy Stern, earned notoriety by visiting the White House 22 times during the first six months of the Obama administration. Founded in 1921 as a janitors' union, the SEIU slowly transformed itself into a labor group representing government and health-care workers—especially health-care workers paid by government medical programs like Medicaid. In 1984, the California State Employees Association, which represented many state workers, decided to affiliate with the SEIU. Today, the SEIU represents 700,000 California workers—more than a third of its nationwide membership. Of those, 350,000 are government employees: noninstructional workers in schools across the state; all non-public-safety workers in California's burgeoning prisons; 2,000 doctors, mostly residents and interns, at state-run hospitals; and many others at the local, county, and state levels.

The SEIU's rise in California illustrates again how modern labor's biggest victories take place in back rooms, not on picket lines. In the late 1980s, the SEIU began eyeing a big jackpot: tens of thousands of home health-care workers being paid by California's county-run Medicaid programs. The SEIU initiated a long legal effort to have those workers, who were independent contractors, declared government employees. When the courts finally agreed, the union went about organizing them—an easy task because governments rarely contest organizing campaigns, not wanting to seem anti-worker. The SEIU's biggest victory was winning representation for 74,000 home health-care workers in Los Angeles County, the largest single organizing drive since the United Auto Workers unionized General Motors in 1937. Taxpayers paid a steep price: home health-care costs became the fastest-growing part of the Los Angeles County budget after the SEIU bargained for higher wages and benefits for these new recruits. The SEIU also organized home health-care workers in several other counties, reaching a whopping statewide total of 130,000 new members.

The SEIU's California numbers have given it extraordinary resources to pour into political campaigns. The union's major locals contributed a hefty $20 million in 2005 to defeat a series of initiatives to cap government growth and rein in union power. The SEIU has also spent millions over the years on initiatives to increase taxes, sometimes failing but on other occasions succeeding, as with a 2004 measure to impose a millionaires' tax to finance more mental-health spending. With an overflowing war chest and hundreds of thousands of foot soldiers, the SEIU has been instrumental in getting local governments to pass living-wage laws in several California cities, including Los Angeles and San Francisco. And the union has also used its muscle in campaigns largely out of the public eye, as in 2003, when it pressured the board of CalPERS, the giant California public-employee pension fund, to stop investing in companies that outsourced government jobs to private contractors.

Armed with knowledge about California's three public-union heavyweights, one can start to understand how the state found itself in its nightmarish fiscal situation. The beginning of the end was the 1998 gubernatorial election, in which the unions bet their future—and millions of dollars in members' dues—on Gray Davis. The candidate traveled to the SEIU's headquarters to remind it of his support during earlier battles against GOP governors ("Nobody in this race has

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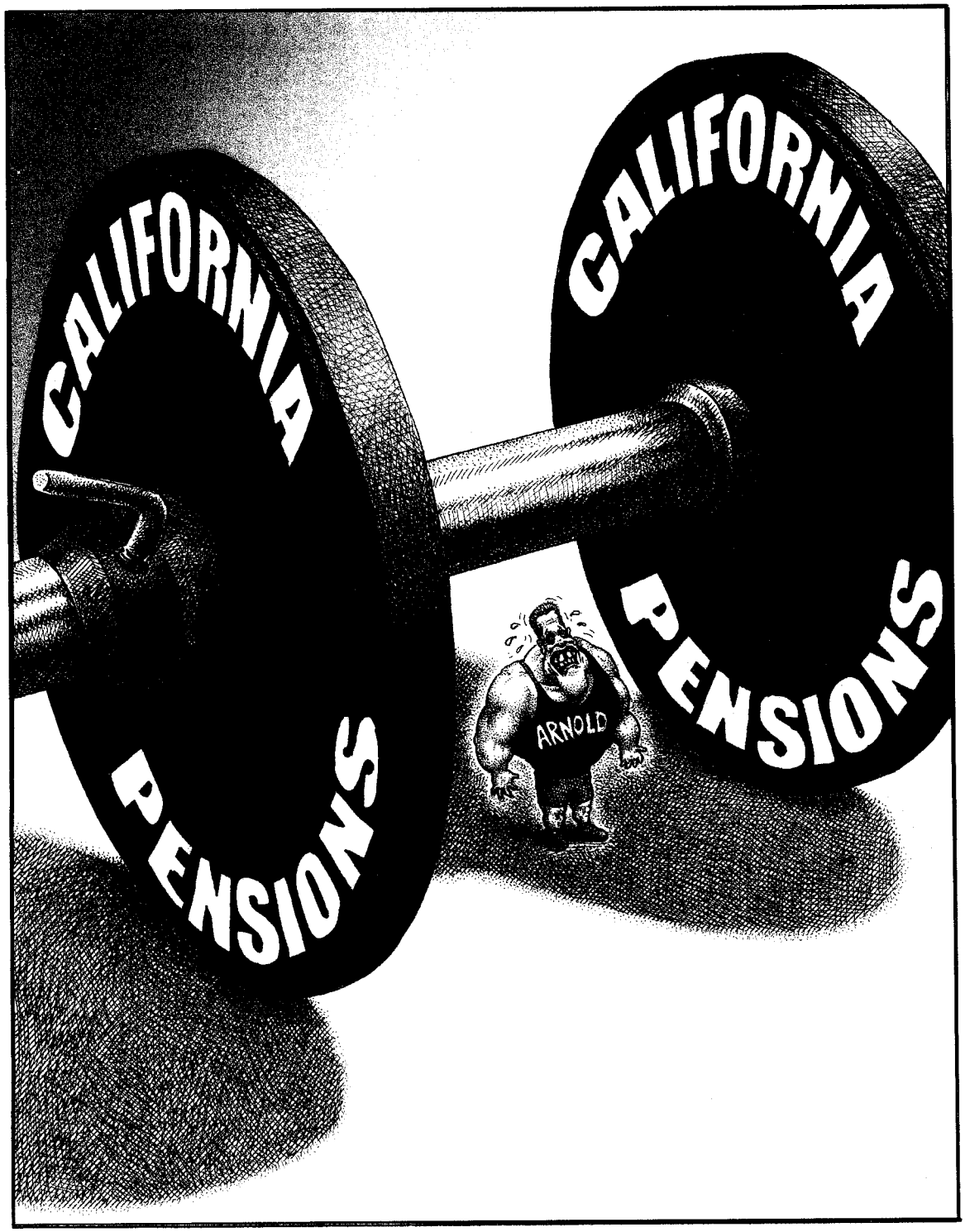

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done anywhere near as much as I have for SEIU"); the union responded by pumping $600,000 into his campaign. Declaring himself the "education candidate" who would expand funding of public education, Davis received $1.2 million from the CTA. Added to this was Davis's success in winning away from Republicans key public-safety endorsements—and millions in contributions—from the likes of the CCPOA.

Davis's subsequent victory over Republican Dan Lungren afforded public-worker unions a unique opportunity to cash in the IOUs that they had accumulated, because Davis's Democratic Party also controlled the state legislature. What followed was a series of breathtaking deals that left California state and municipal governments careening from one budget crisis to another for the next decade.

Perhaps the most costly was far-reaching 1999 legislation that wildly increased pension benefits for state employees. It included an unprecedented retroactive cost-of-living adjustment for the already retired and a phaseout of a cheaper pension plan that Governor Wilson had

Strange Days in L.A.

Pete Peterson

"Look! You fools! You're in danger! Can't you see? They're after you! They're after all of us! Our wives, our children, everyone! They're here already! You're next!" Movie buffs will recognize these as the last lines of the classic *Invasion of the Body Snatchers*—a film about aliens who invade the planet by replacing human beings with replicas. The movie was filmed in the Los Angeles suburbs over 50 years ago. Today, those who follow the city's fortunes are beginning to wonder whether its mayor, Antonio Villaraigosa, and its major newspaper, the *Los Angeles Times*, have similarly been taken over by extraterrestrials. Either that, or both of them are actually moving to the right, in what may be a sign of things to come for the nation's many liberal cities struggling under the weight of declining tax revenues and enormous spending obligations.

Start with Mayor Villaraigosa, in charge of a city facing a $700 million structural deficit over the next 18 months. Dan Walters, the dean of California political columnists, was one of the first to observe the change, noting that "Villaraigosa, who cut his political teeth as a labor organizer, is sounding like a conservative, budget-cutting Republican as he presses the council to slash city payrolls and other spending." In a remarkable op-ed for the *Times*, Villaraigosa argued that while the national recession was responsible for diminished revenues, the greater problem was a city government that had spent well beyond its means on services and employee-benefit obligations that it should never have assumed. "The recession has exposed structural budgetary problems that have existed for many years and that will not be ameliorated when the global economy recovers," the mayor wrote. "Quite simply, for many years the city of Los Angeles has been spending more money than it takes in."

City government, Villaraigosa continued, must become leaner, more concentrated on central services, and better networked with nonprofits: "We have to protect those services that are vital and get out of those that are not essential—either through public/private partnerships or by eliminating them. That means accepting the hard truth: We have to reinvent a smaller city government with a smaller footprint." Early returns on his efforts seem promising. The mayor has proposed closing or consolidating two departments (Environmental Services and Human Services), and city-owned entities like parking garages, golf courses, the convention center, and a zoo are headed for the auction block. The administration is dueling with the city council over which can propose *more* job cuts.

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instituted in 1991. The deal also granted public-safety workers the right to retire at 50 with 90 percent of their salaries. To justify the incredible enhancements, Davis and the legislature turned to CalPERS, whose board was stocked with members who were either union reps or appointed by state officials who themselves were elected with union help. The CalPERS board, which had lobbied for the pension bill, issued a preposterous opinion that the state could provide the new benefits mostly out of the pension systems' existing surplus and future stock-market gains. Most California municipalities soon followed the state enhancements for their own pension deals.

When the stock market slid in 2000, state and local governments got slammed with enormous bills for pension benefits. The state's annual share, estimated by CalPERS back in 1999 to be only a few hundred million dollars, reached $3 billion by 2010. Counties and municipalities were no better off. Orange County's retirement system saw its payouts to retirees jump to $410 million a year by 2009, from $140 million a decade ago. Many legislators who had voted for

The surprises don't stop at city hall. The editorial board of the *Los Angeles Times*, long a promoter of liberal causes and policies, has become an unlikely cheering section for fiscal conservatism. In a series of hard-hitting editorials and columns, the *Times* has backed the mayor's push toward "core services"—that is, cutting away whatever falls outside public safety, transportation, sanitation, water, and power. In language that could have come from Edmund Burke, the *Times* also urged the mayor to encourage greater involvement of civil society. Villaraigosa, the editors wrote, "has shown, at his best, that he can supplement city services by raising funds, cajoling business and inspiring volunteers. A successful Los Angeles will have to turn, increasingly, to that model of providing quality-of-life programs."

How civil society will be brought to the services table remains to be seen. Cities like Colorado Springs and New Orleans have already gone so far as to ask residents to "BYOM" (bring your own mower) to local parks; hundreds of other cities have privatized services from libraries to parking. And earlier this year, Villaraigosa launched and promoted the Los Angeles Budget Challenge website, which asks Angelenos to help balance this year's $400 million deficit online by making budget trade-offs in areas ranging from firefighting to parks management. The budget tool isn't completely transparent, but it does show a mayor determined to win public support on what will be difficult fiscal decisions. Villaraigosa plans to use the feedback in a series of public budget workshops around the city.

Encouraging civic engagement in Los Angeles may be the toughest task that the mayor has ever assumed. Once a city buttressed by immense aerospace companies and banks, Los Angeles has seen these businesses largely flee the region, along with their charitable and volunteering contributions. "The void has to be filled with other industries which we have here—entertainment, fashion, biotech," said Eli Broad, one of the city's civic giants, in an interview last year. But to pick up the slack, the mayor must also motivate a citizenry that historically has shown little interest in civic participation. (In Villaraigosa's reelection last year, only 13 percent of eligible voters came to the polls.) The former labor organizer will have to use the skills he developed attacking management to wage an insurgent effort against public-sector unions and their unsustainable pay and benefit packages. If he pulls that off, truth really will become stranger than science fiction.

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the pension legislation (including all but seven Republicans) later claimed that they'd had no idea that its fiscal impact would be so devastating. They had swallowed the rosy CalPERS projections even though they knew very well that the board was, as one county budget chief put it, "the fox in the henhouse."

The second budget-busting deal of the Davis era was the work of the teachers' union. In 2000, the CTA began lobbying to have a chunk of the state's budget surplus devoted to education. In a massive rally in Sacramento, thousands of teachers gathered on the steps of the capitol, some chanting for TV cameras, "We want money! We want money!" Behind the scenes, Davis kept up running negotiations with the union over just how big the pot should be. "While you were on your way to Sacramento, I was driving there the evening of May 7, and the governor and I talked three times on my cell phone," CTA president Wayne Johnson later boasted to members. "The first call was just general conversation. The second call, he had an offer of $1.2 billion. . . . On the third call, he upped the ante to $1.5 billion." Finally, in meetings, both sides agreed on $1.84 billion. As *Sacramento Bee* columnist Dan Walters later observed, that deal didn't merely help blow the state's surplus; it also locked in higher baseline spending for education. The result: "When revenues returned to normal, the state faced a deficit that eventually not only cost Davis his governorship in 2003 but has plagued his successor, Arnold Schwarzenegger."

Having wielded so much power effortlessly, the unions miscalculated the antitax, anti-Davis sentiment that erupted when, shortly after his autumn 2002 reelection, Davis announced that the state faced a massive deficit. The budget surprise spurred an enormous effort to recall Davis, which the unions worked to defeat, with the SEIU spending $2 million. At the same time, union leaders used their influence in the Democratic Party to try to save Davis, telling other Democrats that they would receive no union support if they abandoned the governor. "If you betray us, we won't forget it," the head of the 800,000-member Los Angeles County Federation of Labor proclaimed to Democrats. Only when it became apparent from polls that the recall would succeed did the unions shift their support to Lieutenant Governor Cruz Bustamante, who finished a distant second to Schwarzenegger. Taxpayer groups were euphoric.

But as they and Schwarzenegger soon discovered, most of California's government machinery remained union-controlled—especially the Democratic state legislature, which blocked long-term reform. Frustrated, Schwarzenegger backed a series of 2005 initiatives sponsored by taxpayer groups to curb the unions and restrain government growth, including one that made it harder for public-employee unions to use members' dues for political purposes. The controversial proposals sparked the most expensive statewide election in American history. Advocacy groups and businesses spent a staggering $300 million (some of it, however, coming from drug companies trying to head off an unrelated initiative). The spending spree included $57 million from the CTA, which mortgaged its Sacramento headquarters for the cause. All of the initiatives went down to defeat.

California taxpayers nevertheless received a brief respite, thanks to the mid-decade housing boom that drove the economy and tax collections higher and momentarily eased the state's budget crisis. Predictably, state politicians forgot California's Davis-era deficit woes and gobbled up the surpluses, increasing spending by 32 percent, or $34 billion, in four years. Then the housing market crashed in 2007, prompting a cascade of budget crises in Sacramento and around the state. Only too late have Californians recognized the true magnitude of their fiscal problems, including a $21 billion deficit by mid-2009 that forced the state to issue IOUs when it temporarily ran out of cash. In the municipal bond market, fears are rising that the Golden State could actually default on its debt.

Municipalities around the state are also buckling under massive labor costs. One city, Vallejo, has already filed for bankruptcy to get out from under onerous employee salaries and pension obligations. (To stop other cities from going this route, unions are promoting a new law to make it harder for municipalities to declare bankruptcy.) Other local California governments, big and

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small, are nearing disaster. The city of Orange, with a budget of just $88 million in 2009, spent $13 million of it on pensions and expects that figure to rise to $23 million in just three years. Contra Costa's pension costs rose from $70 million in 2000 to $200 million by the end of the decade, producing a budget crisis. Los Angeles, where payroll constitutes nearly half the city's $7 billion budget, faces budget shortfalls of hundreds of millions of dollars next year, projected to grow to $1 billion annually in several years. In October 2007, even as it was clear that the area's housing economy was crashing, city officials had handed out 23 percent raises over a five-year period to workers. (See the sidebars on pages 22 and 26.)

In the past, California could always rely on a rebounding economy to save it from its budgetary excesses. But these days, few view the state as the land of opportunity. Throughout the national recession that began in December 2008 and carried through 2009, California's unemployment rate consistently ran several points higher than the national rate. Major California companies like Google and Intel have chosen to expand elsewhere, not in their home state. Put off by the high taxes and cumbersome regulatory regime that the public-sector cartel has led the way in foisting on the state, executives now view California as a noxious business environment. In a 2008 survey by a consulting group, Development Counsellors International, business executives rated California the state where they were least likely to locate new operations.

More and more California taxpayers are realizing how stacked the system is against them, and the first stirrings of revolt are breaking out. Voters defeated a series of ballot initiatives last May that would have allowed politicians to solve the state budget crisis temporarily through a series of questionable gimmicks, including one to let the state borrow against future lottery receipts and another to let it plug budget holes with money diverted from a mental-health services fund. In a clear message from voters, the only proposition to gain approval last May banned pay raises for legislators during periods of budget deficit.

With anger rising, taxpayer advocates now plan to revive older initiatives to cut the power of public-sector unions. Mark Bucher, head of the Citizens Power Campaign, is pushing for an initiative that's similar to propositions that failed in 1998 and in 2005—but their prospects may be brighter today, he argues, because the woes of municipalities like Vallejo have made citizens more aware of union power and more supportive of reform. "The mood has clearly shifted in California," Bucher says. "You can see that in the rise of local Tea Party antitax groups around the state. People are fed up."

With anger rising, taxpayer advocates now plan to revive older initiatives to cut the power of public-sector unions.

Another initiative that could mend California's broken politics is a 2008 vote that took the power to delineate electoral districts away from the state legislature—which had used it to make it difficult to defeat incumbents—and gave it to a nonpartisan commission. If this commission succeeds in making legislative races more competitive and incumbents more responsive to voter sentiment, the legislature would almost certainly become less beholden to narrow union interests, and a whole series of reforms would be possible: a new, cheaper pension plan for state employees; fewer restrictions on charter schools, which often educate kids more effectively and less expensively than public schools do; and regulatory reforms that would reduce the estimated $493 billion cost that regulations impose on California businesses each year.

It will take an enormous effort to roll back decades of political and economic gains by government unions. But the status quo is unsustainable. And at long last, Californians are beginning to understand the connection between that status quo and the corruption at the heart of their politics.

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Don't Blame Proposition 13

Profligate spending, not property-tax reform, has put California in a hole.

William Voegeli

In 1978, Californians enacted Proposition 13, the famous ballot initiative that rolled back property taxes and made it harder for assessors and legislators to raise taxes in the future. The experts still haven't forgiven the voters. In 1994, Columbia historian Alan Brinkley ascribed Prop. 13's passage to Californians who believed that they could get "something for nothing: substantial tax relief without a reduction of services." In 2009, the *Washington Post*'s Harold Meyerson blamed the "malign initiative" for "effectively destroying the funding base of local governments and school districts" while empowering Republican "Neanderthals" in the state legislature, who refuse "in good times as well as bad to raise business or other taxes." Earlier this year, Joe Klein of *Time* wrote that the proposition had made California "Exhibit A of a public pathology that we've inherited from the Reagan Era: the public wants a modified welfare state, excellent schools, a clean environment, low college tuitions . . . but it's not willing to pay for them."

You get the picture. According to liberals in politics, journalism, and academia, Proposition 13 is *the* reason for California's worsening fiscal nightmare and the declining quality of the state's public services, and the motives behind it were deplorable. And because Prop. 13 ignited a national tax revolt that remains potent, the Left also blames the measure for much of

Graph by Alberto Mena

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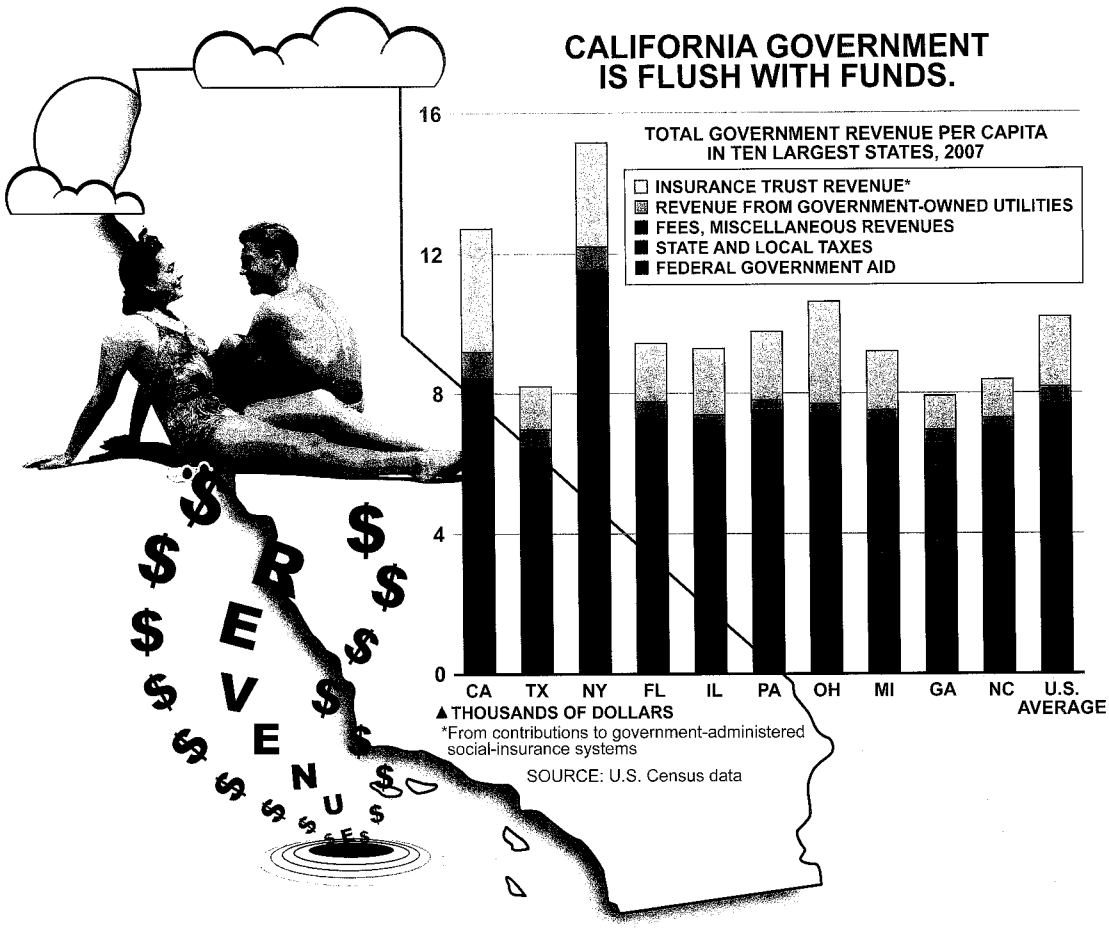

what it thinks has gone wrong in American political life generally over the past three decades.

Yet no matter how often their moral and intellectual "superiors" denounce them, California taxpayers continue to insist that the problem isn't their purported stinginess but their government, which makes lousy use of the considerable funds that it continues to receive. On this point, the voters aren't being stubborn, greedy, or stupid. The voters are right.

The first thing to recognize is that Proposition 13 did not destroy the tax base of California's local governments. True, the average property-tax rate has fallen from 2.67 percent in 1977 to 1.1 percent today, observes David Doerr of the California Taxpayers' Association. But the state still brings in a lot in property taxes. By 2007, the year of the most recent Census Bureau data comparing state finances, California's state and local governments levied $1,141 in property taxes per capita, less—but only 11 percent less—than the corresponding average, $1,288, for the other 49 states and the District of Columbia. Property-tax revenues in the state have increased from $4.9 billion to $47 billion in the 30 years since Proposition 13. Adjust those figures for inflation and population growth, and

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Don't Blame Proposition 13

property-tax revenues in California were 87 percent higher in 2009 than they were in 1979, chiefly because of rising property values.

And even if one tax is limited, others can rise. A recent article in the *California Journal of Politics and Policy* by Colin McCubbins and Mathew McCubbins shows that, adjusted again for population growth and inflation, total state and local tax revenues in California were higher ten years after Proposition 13's enactment than they were just before—and that they were half again as high in 2000 as in 1978. Census Bureau data show that California ranked tenth in the nation in 2007 in terms of per-capita receipts from all state and local taxes (property, income, sales, and excise taxes) paid by individuals and corporations. Per-capita receipts from individual and corporate income taxes were 64 percent higher in California than they were in the rest of the country: $1,764 in California, $1,077 elsewhere. All told, California's governments received $4,731 per resident from all taxes, 14 percent more than the $4,160 average outside California.

Ah, comes the objection: these numbers unfairly compare California with an aggregate that includes many rural states with low taxes and limited public services. But even if we confine our discussion to the ten most populous states in the nation, home to 54 percent of all Americans in 2009, California remains a high-tax jurisdiction. Its per-capita taxes exceed not only the national average but those of every other high-population state except New York.

Not only is California a high-tax state; it is even more conspicuously a high-*revenue* state. Things that aren't taxes, such as fees for government services, often have a high degree of "taxiness," as Stephen Colbert might say. "Charges and fees have become an integral part of the California budgetary landscape" because they "give the government a revenue stream that is not subject to limitation and hard for voters to track," the McCubbinses argue. For example, local governments impose assessments on real-estate developers for the infrastructure and public services that a new housing tract's residents will require. The developers then incorporate those charges into every unit's sales price. "Home developers estimate that fees, new infrastructure, and other mandated expenses now run to between $30,000 and $60,000 for each new home," journalist Peter Schrag noted in *Paradise Lost*, his book on California's fall from grace since the 1950s.

Thus it is that the Golden State, routinely described as desperately short of funds because of Proposition 13, brought in $12,776 per capita in governmental income from all sources—taxes, fees, federal aid, charges for government-administered insurance, and revenue from government-owned utilities—in 2007. This amount was the fifth-highest in the nation and second (again) only to profligate New York among the ten most populous states (see the chart on page 31).

Californians have good reasons, then, to tune out the incessant lectures about how the state wouldn't be so screwed up if only they reached deeper into their pockets. And tune out they do. Though California has become one of America's most liberal states in other regards, Proposition 13 remains "the third rail of California government," as the Berkeley political scientist Jack Citrin wrote last year. "In the throes of the budget crisis of 2008 and increasing fiscal disarray, there was no serious talk of reforming the property tax system." A 2008 survey by the Public Policy Institute of California showed that Californians continue to favor Prop. 13 by a two-to-one margin. Even 56 percent of self-identified Democrats said it was "mostly a good thing," compared with just 31 percent who said it was "mostly a bad thing."

The Californians who refuse to jettison Proposition 13 have a well-founded suspicion: that the state's public sector is starving on its high-calorie diet because of mismanagement and capitulations to public-employee unions. Consider public education: California spent $8,909 per pupil in 2007–08, according to the U.S. Department of Education. Twenty-eight states and the District of Columbia spent more; 21 spent less, including Florida and Texas, which are also large Sunbelt states with enormous metropolitan areas and significant immigrant populations. Despite outlays that are in the middle of the scale, however, California students perform miserably on the U.S. Department

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of Education's National Assessment of Educational Progress. In reading, California fourth- and eighth-graders rank 48th among all states; in math, fourth-graders rank 45th and eighth-graders rank 46th. (Students in Florida and Texas do significantly better on all counts.)

One reason for California's poor performance may be that its pupil-to-teacher ratio is the country's second-highest, behind only Utah. A public school with 1,000 students in California is likely to have just 48 teachers; the large classes that result hamper instruction. That problem stems from the efforts of the powerful unions that have helped make California public school teachers America's most highly compensated, with an average salary of $66,986, 24 percent higher than the national average. (The statistics, for 2008–09, are from the National Education Association.) Such high salaries prevent California school districts from hiring more teachers and perhaps raising those abysmal test scores.

A 2008 survey by the Public Policy Institute of California showed that Californians favor Prop. 13 two-to-one.

In fact, California taxpayers find themselves charged exceptional prices for unexceptional public services in one area after another (see "The Big-Spending, High-Taxing, Lousy-Services Paradigm," Autumn 2009). Not just California's schoolteachers but state and local employees as a whole receive higher compensation than their counterparts in the rest of the country, Census Bureau data show. A veteran reporter for the *Sacramento Bee*, Dan Walters, calculates that California's per-prisoner incarceration expenditures are 65 percent higher than the average for the nation's ten most populous states, costing the state's taxpayers an extra $4 billion per year. A recent *New Yorker* article on the University of California, lamenting its fiscal problems and predictably asserting that Proposition 13 "broke the government," mentions in passing that the ten UC campuses have 229,000 students and 180,000 faculty and staff—nearly four employees for every five students. And this after what the magazine calls "decades of whittling" in the state's financial support for UC, culminating in a "starveling" budget!

No one ever accused Milton Friedman of being sanguine about government's willingness to restrain itself. In hindsight, however, his hopes for Proposition 13 were excessive. Friedman argued at the time that limiting a government's entire budget, as the proposition did, was the only way to reverse the logic of interest-group liberalism, in which micro-constituencies, each focused intently on supporting a particular government program, invariably prevail against the general public, which lacks the time, awareness, and incentive to oppose those programs one by one. "We are not going to vote anybody out of office because he imposes a $3-a-year burden on us," Friedman wrote. By reining in the budget, measures like Prop. 13 meant that any "special group that wants a special measure has to point out the other budget items that can and should be reduced"—or so Friedman thought.

Thirty-two years and hundreds of billions of dollars later, it's clear that government's manifest destiny to grow won't be so easy to halt. As furiously as liberals have denounced Proposition 13, conservatives have reason to be disappointed in a political victory that proved the Bunker Hill, not the Yorktown, of the tax revolt. The moral of the story is that expenditure and tax limitations, of which Prop. 13 was the prototype, can serve as valuable first steps but are neither decisive nor self-implementing. To get state and local governments to spend tax dollars reluctantly and for the benefit of the general public—rather than profligately and for the advantage of public officials, employees, and their favored constituencies—will require continuous exertion; episodic interventions in the political process won't be enough.

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The Silicon Lining

California's innovative high-tech firms keep creating wealth, but will bad state policies drive them out?

Guy Sorman

Eric Demers can't remember how many pseudo–Silicon Valleys he has seen around the world while traveling for Advanced Micro Devices. The globe's second-largest microchip designer and producer (after Intel), AMD was created 40 years ago in the authentic Silicon Valley in California. Demers, the firm's chief technology officer, has no intention of moving. Across the world, he points out, private and public attempts to create new Silicon Valleys have achieved only "pale copies" of the original.

That original has remained the undisputed cradle of high-tech and communications innovation. Historic leaders like Hewlett-Packard and Intel have stayed here; more recent giants Google, Facebook, and Twitter cluster around the pioneers. The Valley's economy, concentrated in a 60-mile corridor running from San Francisco to San Jose, attracts one-third of all venture capital invested in new businesses in the United States—39 percent in 2009, though the $7 billion made it a slow year. A new start-up launches every working day. From among these high-tech ventures will emerge the next Google or Intel.

Silicon Valley faces a serious threat, however: the fiscal and regulatory earthquakes rocking California, which verges on becoming a failed state. Measured by per-household state and local government spending, California ranks third-highest in the nation, behind Alaska and New York. The state government is trying desperately to squeeze money out of any profitable activity to meet the crippling costs. Further, California continues to impose onerous regulations on the private sector. High taxes and stifling regulations give companies a strong incentive to move elsewhere. In this increasingly business-hostile environment, will Silicon Valley's unique entrepreneurial spirit survive?

Forty years ago, when Silicon Valley began to expand and soon came to dominate the high-tech universe, most of its companies were manufacturing

Silicon Valley

Illustration by Robert Pizzo

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enterprises, producing microchips and computers right on the spot. No longer. Starting in the 1980s, Valley firms began moving away from production to concentrate on inventing new products and services. AMD, for example, outsourced most of its manufacturing years ago to factories in countries like China, India, and Taiwan—places with lower wages and high production quality. The approximately 3,000 employees at the company's Sunnyvale offices are designers, marketers, accountants, and mechanical engineers; what tiny production lines remain are for building prototypes.

Was so much outsourcing necessary? Jason Clemens, research director for the Pacific Research Institute in San Francisco, one of California's few free-market think tanks, acknowledges that countries like Taiwan offer a powerful "pull" factor for shifting manufacturing to East Asia. But there has been a major "push" factor, too, Clemens argues: the Golden State's excessive income and property taxes and its web of regulations, which, he believes, have driven up outsourcing. As Berkeley-based journalist Francis Pisani puts it: "Outsourcing is the only answer to taxes and regulations."

California has piled every imaginable burden on businesses. Minimum-wage laws are among the highest in the country, and health and safety regulations are among the strictest; cities like San Francisco and San Jose require businesses to offer employees health insurance; labor laws are extremely union-friendly; environmental policies drive up energy costs—and on and on. Small firms have the toughest time in this business-toxic climate. A recent study by Sanjay Varshney, dean of the College of Business Administration at California State University in Sacramento, estimates that the cost of state regulations in 2007 reached an average of $134,122 per small business—the equivalent of one job lost per company. And it's not just the small guys: Google, which uses colossal amounts of electricity, is building its data centers in other states or abroad, where energy is much cheaper.

Hank Nothhaft is the CEO of Tessera, a firm in the field of semiconductor miniaturization. He shows me the vacant office parks and empty lots around his company's San Jose factory. Silicon Valley, he observes, lost more than a quarter of its computer, microchip, and communications-equipment manufacturing jobs from 2001 to 2008, and Tessera proved no exception. The company has kept some of its assembly lines and industrial operations going here, but it now produces two-thirds of its nanotechnology chips in less expensive North Carolina and in various countries overseas, with China becoming the latest contender for a production facility. Just back from a trip there, Nothhaft says that he has been offered terms he "cannot decently refuse." Using the Internet and videoconferencing, he can manage Tessera factories around the globe without leaving his San Jose office. "The business environment is becoming awful in California," Nothhaft complains—just by moving his headquarters to Nevada, he'd save $5 million a year in taxes.

Why doesn't he, then? "Inertia," he answers. "We have a very good team here, which I wouldn't want to disband." He also holds out hope for change: "Things would turn around if the government became pro-growth."

Outsourcing has allowed local entrepreneurs and would-be entrepreneurs to remain as creative as ever—for now. The Valley continues to attract innovators who share a "built-in start-up mentality," Pisani says, risk-takers who believe that "they can change the world through technical innovation and become billionaires while doing it." They've brought "permanent revolution" to the Valley, he adds. After the microchip, the PC, and the Internet, Silicon Valley entrepreneurs might have rested on their laurels. But the innovation hasn't stopped. Smartphones inaugurated a new era of personal nomadic devices. Now comes Apple's iPad.

These dazzling products have opened a new frontier for the software industry: the seemingly infinite world of digital applications, or "apps," for mobile gadgets. Relatively cheap to launch and not requiring heavy investment or sophisticated equipment to create, apps could be invented anywhere, Pisani says. But it so happens that most of them are still created in Silicon Valley—or in other parts of the Bay Area that can offer cheaper rents. It is invaluable, Pisani

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explains, to be "not farther than one hour's drive from Palo Alto and Sand Hill Road," where all the venture capitalists work.

The Valley is a "vast, informal club," observes Jean-Louis Gassée, formerly with Apple and now a venture capitalist. Socializing and networking become vectors of creativity. Palo Alto's University Road cafés, school PTA meetings, and gyms become places where one can meet customers, vendors, collaborators, and investors. Skilled engineers and smart high-tech entrepreneurs also cluster in the imitation Silicon Valleys of Bangalore, Saclay (near Paris), and Shanghai, Gassée acknowledges. But no hub can match the Valley's innovative start-up mentality.

Google, which uses huge amounts of electricity, is building its data centers in other states, where energy is much cheaper.

Outsourcing has encouraged that creative spirit not just by keeping costs down but by bringing Silicon Valley firms into daily contact with other cultures. As a result, Valley entrepreneurs recruit engineers in Africa, Asia, Europe, and South America; a permanent two-way flow of people, products, and services unites the Valley with hundreds of regions across the planet. Silicon Valley, observes Alan Eustace, a Google vice president at its Mountain View campus, has become a "high-tech melting pot within the U.S. melting pot." He adds that the array of ethnicities and backgrounds of Google employees is a tremendous benefit for the company. Google's search engine, based on what Eustace calls "the wisdom of the crowd," is a good example: it works well in any civilization, he maintains, because technicians from all civilizations have helped conceive it. Today, foreign-born entrepreneurs found half of the Valley's start-ups.

Silicon Valley entrepreneurs, recognizing the benefits of this cross-fertilization, express frustration with current immigration law. The federal government's annual cap on H-1B visas—issued to professionals working in certain fields, many of them high-tech—is absurd, says Nothhaft. "Asian students are not allowed to stay in the U.S.; after they get a degree, they have to return to India or South Korea, where they become our competitors."

Where did Silicon Valley's entrepreneurial, creative spirit come from? There are as many answers to that question as there are political ideologies, says Kevin Kelly, the founder of *Wired*, a magazine that in the nineties was the paper expression of Valley mystique. Kelly eventually sold *Wired* to Condé Nast (though he retains the title "Senior Maverick"). One could argue, he begins, that the government helped create Silicon Valley during World War II by installing military facilities there, which bought goods and services from surrounding private businesses and helped them flourish. Or maybe it was luck: David Packard built the first transistor in his garage, initiating a technical revolution in radio transmission from which all the rest followed—and he just happened to live in Palo Alto.

Stanford University, Kelly continues, may be another explanation. Stanford not only trains some of America's best engineers; it also has a tradition of cooperating with the private sector. The university encourages students to start their own companies as soon as they've completed their studies, a practice that began with a professor of engineering in the 1930s, Frederick Terman, who would give his students small pots of money to help them test their ideas in the marketplace. Among his students were Packard and William Hewlett, who couldn't have started their firm without Terman's cash. When Terman returned to Stanford after the war to become dean of the School of Engineering, he expanded on this policy by leasing Stanford land to high-tech firms. Silicon Valley's venture capitalists consider Terman their "godfather," says Randy Komisar, a partner at one of the leading VC firms, Kleiner Perkins Caufield & Byers. Today, Silicon Valley is a "plug-and-play" environment where innovators can readily seek out funding

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The Silicon Lining

—and also tap into the best accountants, engineers, public-relations professionals, and bankers, all available on the spot.

But it's the cultural explanation that Kelly likes best. He sees Silicon Valley as the ultimate Wild West: a geographic frontier and—at least in the beginning—an unregulated one. This helps explain how the Valley won out over the Boston area as a high-tech center in the seventies, Kelly believes. Home to MIT and leading high-speed computer manufacturers like Cray (which has since disappeared), Boston was the leader then. But Massachusetts was heavily taxed and regulated; at the time, California wasn't. The Silicon Valley pioneers thus had greater leeway than their Boston competitors to experiment, even to fail. They could explore fields like software, which wasn't considered valuable intellectual property yet but which would pay off hugely over time. The freewheeling Wild West triumphed over the more controlled New England. As Michael Bernstam, a scholar at Stanford's Hoover Institution, says: "Capitalism is most creative at the frontiers."

"We keep an edge over the rest of the world," says Komisar. "We know where the future is." Forty years ago, Silicon Valley capitalists knew that computers were the future; later, they knew that the Internet was the Next Big Thing, and later still, social networking. Knowing exactly which companies would flourish in these fields was, of course, more difficult. Only 10 percent of start-ups survive their first year, and half of those are still alive after two years, with just a few rising to the level of an Intel, a Google, or a Facebook.

"Alternative energy is the next big adventure," Komisar tells me. It's a plausible argument. True, alternative energy and energy-saving technologies won't replace the existing energy industry—they simply don't generate enough power. But Komisar contends that, in the long run, the cost of oil will only increase, while the cost of alternative energies, through innovation, can only drop. Even if cap-and-trade legislation goes nowhere and no global-warming treaty ever wins ratification, he says, companies will want to become more energy-efficient to improve their balance sheets. Amit Chatterjee, founder and CEO of Redwood-based Hara, a start-up financed by Komisar's fund, sells software that helps manage natural resources. "We do not sell 'green tech,'" he insists. "We sell cost reductions." Among Hara's first customers: Rupert Murdoch's News Corporation. "They count on us to become carbon-neutral in 2010," Chatterjee says.

Not all of the Valley's venture capitalists share Komisar's and Chatterjee's enthusiasm for green energy, it's important to add. Some competitors believe that the Obama administration's support is artificially boosting the momentum for alternative energy. The future may not be as green as some expect. Komisar admits that public subsidies have played a major role in this latest Valley mania, but he notes that the Internet enjoyed initial support from the government, too. "We think long-term," he says. "We are not playing with derivatives. We associate with entrepreneurial teams for many years and create real value."

Time will tell. Kleiner Perkins Caufield & Byers typically sells its participation in a project a full ten years after beginning to fund it. The pension funds, endowments, and wealthy individuals who trust their money with the roughly 20 elite venture-capital firms on Sand Hill Road aren't short-term speculators, either. Surrounding these top-tier firms are approximately 500 smaller, more adventurous, venture-capital companies that are willing to fund smaller, shorter-term investments, like social networks today. There aren't enough Facebooks and Twitters in Silicon Valley to make all the firms wealthy. Some will strike gold, however, and perhaps join the elite.

Given California's harsh business climate, it's remarkable that entrepreneurs still flock to Silicon Valley, Sonia Arrison wryly observes. She's a Pacific Research Institute scholar with a reputation for being a high-tech prophetess. "It's a trade-off," she says. "If you leave the Valley, you lose a lot." The cost of doing business in the state is rising, but outside the Valley, it remains more difficult to find venture capital and recruit brilliant students.

Will competitors displace Silicon Valley? "There is pervasive fear of Chinese competition," Arrison notes, but China lacks the Valley's global

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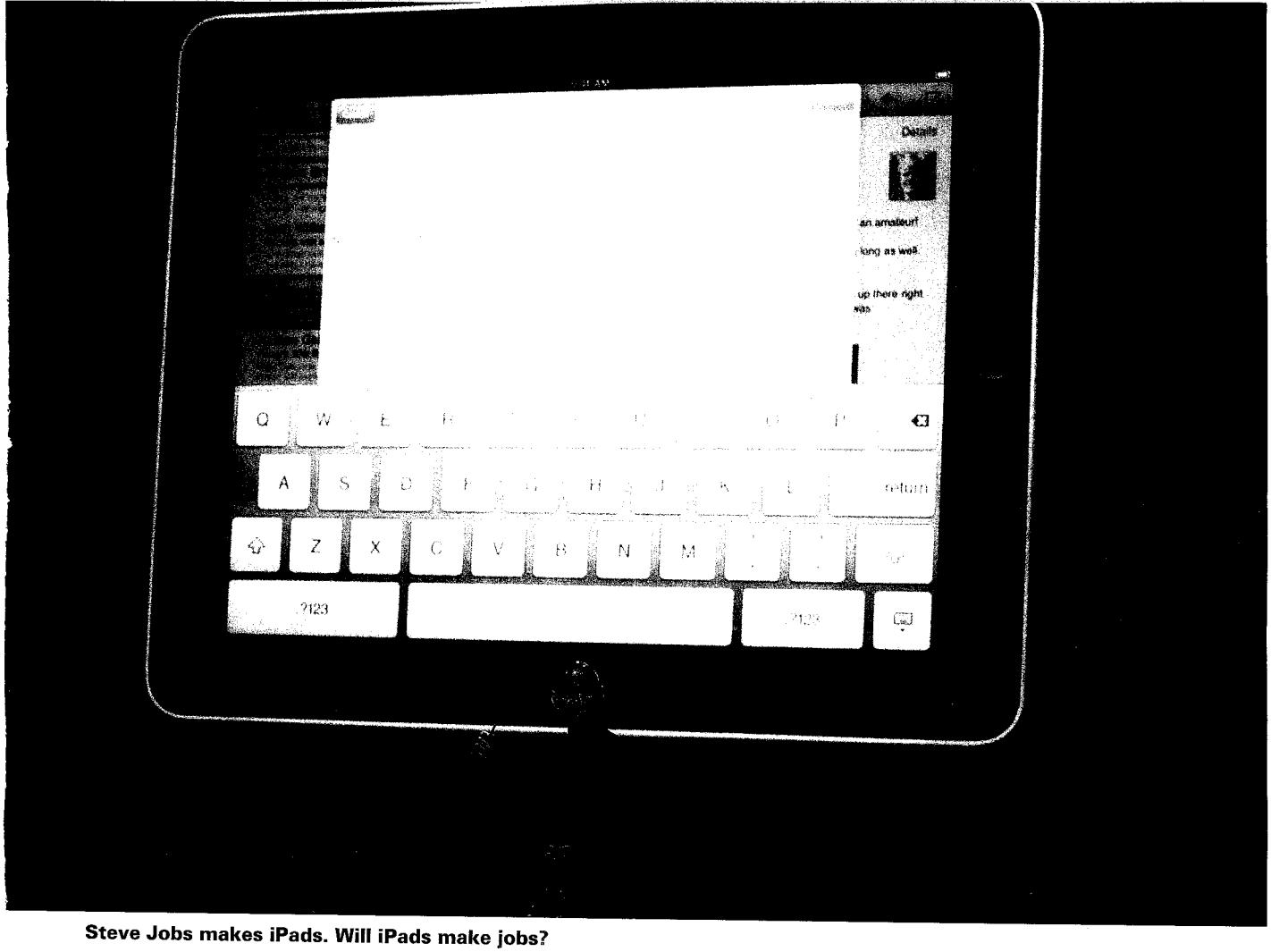

Steve Jobs makes iPads. Will iPads make jobs?

appeal and "will not become a melting pot—at least not in the near future." Where does she see the next revolution taking place? "Smartphones are hot," she says, "and tablets are as hot as microprocessors were a generation ago. The next big thing could be cloud computing, and farther out, three-dimensional 'printers' " (which would be able to create objects in three dimensions, starting with basic plastic devices). Whatever the next innovation is, though, Arrison thinks that it will happen in the Valley.

Carl Guardino concurs, up to a point: he calls the Valley "the innovation leader of the world," but he won't rule out high-tech breakthroughs elsewhere. As president of the Silicon Valley Leadership Group, which represents the interests of the region's 300 most significant firms, Guardino looks closely at the competition. So far, he's less impressed by China and India than by Ireland and Singapore. "The error of many of our competitors is to copy Silicon Valley," he tells me. "They try to reproduce who we are and what we do: the Indian and Chinese governments built somewhat artificial high-tech parks without any real entrepreneurs working there." A more productive strategy, he thinks, is what Ireland and Singapore are doing: encouraging research and development by lowering taxes, loosening regulations, and improving education.

n January 27, 2010, two major events took place in the United States. In Washington, D.C., President Obama, in his first State of the Union address, announced steps to help small businesses create jobs. In San Francisco, Steve Jobs, Apple's visionary CEO, presented his latest invention, the iPad. Which event will prove more significant to America's future and the world's?

Tessera's Hank Nothhaft suggests the answer when he tells me that his elder son has just created a start-up in the Valley. "We can't help it," he says. "We're just a family of serial entrepreneurs." Innovation still tends to happen first in Silicon Valley. Even the sclerotic, near-failed state of California hasn't yet stifled the extraordinary energy of this unique place. A good thing, because California's economic recovery—and America's—will depend heavily on its continued vibrancy.

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Beware the Muni-Bond Bubble

Investors are kidding themselves if they think that states and cities can't fail.

Nicole Gelinas

The financial crisis has exploded plenty of long-held beliefs, including the idea that mortgage debt is a risk-free investment. But nothing has shaken the articles of faith that underpin another massive debt market: municipal bonds. Investors in municipal bonds don't have to worry about a thing, the thinking goes, because the states and cities that issue them will do anything to avoid reneging on their obligations—and even if they fail, surely Washington will step in and save investors from big losses.

These are dangerous assumptions. Just as with mortgages, the very fact that investors place unlimited faith in a market could eventually destroy that market. If investors believe that they take no risk, they will lend states and cities far too much—so much that these borrowers won't be able to repay their obligations while maintaining a reasonable level of public services. The investors, then, could help bankrupt state and local governments—and take massive losses in the process. To avoid that scenario, investors must take a long, hard look at what they're doing. Where state and local finances are untenable, they should stop throwing good money after bad.

You might think that municipal bonds would have lost their low-risk reputation. In the past two tumultuous years, tax revenues have plummeted by double-digit percentages, and state and local governments have struggled to close historic deficits. Nationwide, they face cash operating gaps of $200 billion, or 15 percent of their budgets, through 2011. Big spenders have shown no sign of cutting costs in line with a new reality. Ordinarily, if a borrower is in such straits, lenders start thinking twice about lending it yet more money: Who's to say that the borrower won't declare bankruptcy and default on its obligations?

Graphs by Alberto Mena

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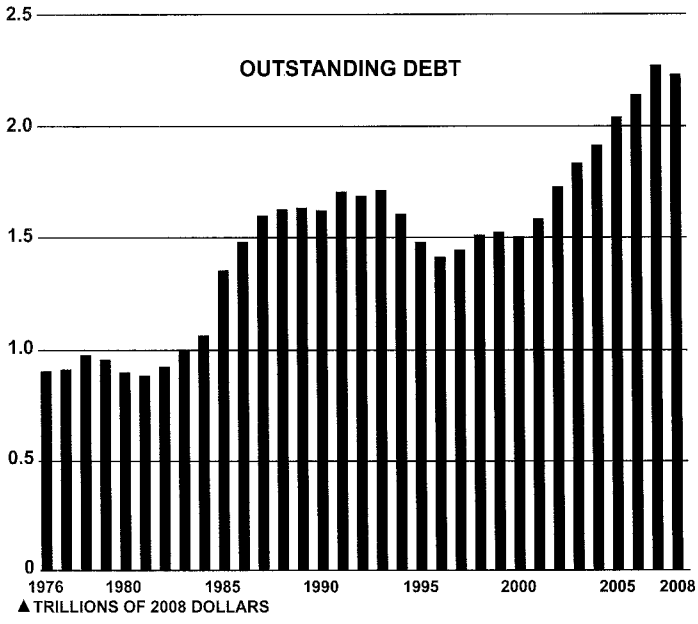
Yet the industry's gatekeepers still consider municipal bonds low-risk. "We do not expect that states will default on general-obligation debt, even under the most stressed economic conditions," analysts at Moody's, one of the three major credit ratings agencies, wrote in a February 2010 report. As for cities and towns, "we expect very few defaults in this sector given the tools that local governments have at their disposal." The firm's chief competitor, Standard and Poor's, agrees.

Why are the ratings analysts so sanguine? First, they assume that states and cities will do anything to avoid default. As John V. Miller of Nuveen Asset Management told clients in 2009, "State and local governments have strong incentives to maintain access to the credit markets." The main incentive, of course, is their desire to borrow more tomorrow, which depends on demonstrating that they would never renege on their obligations today.

The analysts also think that lending to state and local governments isn't risky because they—unlike private firms—have a captive source of endless funds. If a company misjudges its product line or its prices, its customers and investors can flee, depriving it of money; such a company will have a hard time persuading anyone to give it one dollar more. State and local governments, by contrast, can always tax their residents and businesses to pay the bills, even as they gut services.

CITIES AND STATES KEEP BORROWING, THROUGH BOOM AND BUST.



SOURCE: Author's calculations, based on Federal Reserve and Bureau of Labor Statistics data

The ratings analysts find further reassurance in the law. State governments can't legally declare bankruptcy to escape debt: the federal bankruptcy code doesn't cover them, and they can't write their own bankruptcy laws because the Constitution reserves that power for the federal government. Cities, towns, and counties, meanwhile, can file for bankruptcy only if their state governments allow it, and more than half of the states don't. Moreover, federal law requires eligible cities and towns to meet a strict standard for insolvency. A private firm can file a "strategic bankruptcy," looking ahead a few years and

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determining that bankruptcy now will avoid bigger problems later, but cities and towns must prove that they are already unable to pay their bills. In the early 1990s, a judge threw out the bankruptcy petition of Bridgeport, Connecticut, finding evidence that someone, somewhere was still willing to lend the city money.

The analysts take comfort in financial engineering, too. Over the past two decades, the underwriters who help state and local governments raise money have found ever more creative ways to dodge obstacles that theoretically constrain borrowing—but the underwriters have simultaneously built in conditions that reassure bondholders. New York State, for example, currently owes just $3.3 billion in "general-obligation bonds" because these bonds require voter approval. Yet the state has racked up $59.3 billion in total debt, often by setting up special "trusts," legally separate from the state government, that issue bonds of their own. The state pledges to direct tens of billions of dollars automatically to the trusts, enough to pay the debt costs many times over; the trusts use that infusion of cash to pay the debt and then give the leftovers back to the state. Even though investors in trust-issued bonds don't have a direct state guarantee, they don't mind because the trust provisions make the debt seem so safe. To assuage investors further, the state explicitly outlaws bankruptcy for big issuers, such as the Metropolitan Transportation Authority (MTA).

Another line of defense for analysts, advisors, and investors is the theory that the federal government regards the biggest municipal debtors—such as New York, California, and the borrowers that they in turn oversee, like the MTA—as "too big to fail." After all, back in 1975, when New York City stood on the brink of default, Washington helped Albany bail it out. In 2008, Washington, fearing a global meltdown, went to extraordinary lengths to rescue creditors to AIG. This spring, the European Union made it clear that it would not let Greece default on its government debt. If necessary, observers figure, New York would bail out the MTA, and Washington would bail out New York.

Finally, ratings agencies and investors point to the past. In the Great Depression, municipal-bond investors lost a tiny one-half of 1 percentage point of their money. And between 1970 and 2000, according to a Moody's study, of the nearly 376,000 cases when rated municipal-bond issuers could have defaulted, only 18 actually did, compared with 819 corporate defaults out of the more than 61,000 possible. Losses, and even the threat of losses, have confined themselves almost exclusively to the relatively riskier side of this nearly risk-free market. It's not states and cities themselves that have defaulted on debt, but special entities that they set up to fund projects like hospital and dormitory construction. Between 1970 and 2000, *no* investor took a loss on a state's or a city's general-obligation debt. Even Orange County, California, which declared insolvency in 1994 to protect its pension assets from seizure after a rogue employee bet the money on derivatives, repaid its lenders every dime, with interest.

If the analysts' confidence sounds familiar, that's because we've heard it before. Before 2006, conventional wisdom held that if you wanted a risk-free investment, you couldn't do better than buy mortgage-backed securities. Homeowners were willing and able to repay what they owed you. Even if a homeowner couldn't make his monthly nut, he could always raise cash to repay the mortgage by selling his house at a higher price. In addition, federal law protected lenders. Struggling homeowners couldn't turn to bankruptcy to escape their mortgage debt; they could escape it only by returning the house to the lender, and the house almost never lost value. Financial engineering provided another layer of security: underwriters and ratings analysts had designed such airtight structures that losses would have to reach truly unfathomable levels before most investors had anything to worry about. History, too, justified confidence.

Yet in the end, investors pumped so much money into that supposedly airtight market that they blew it apart. In being so free with their money, investors in mortgage-backed securities and other mortgage debt ignored the obvious: homeowners would never be able to repay everything they were borrowing. Only while house prices were soaring could homeowners afford

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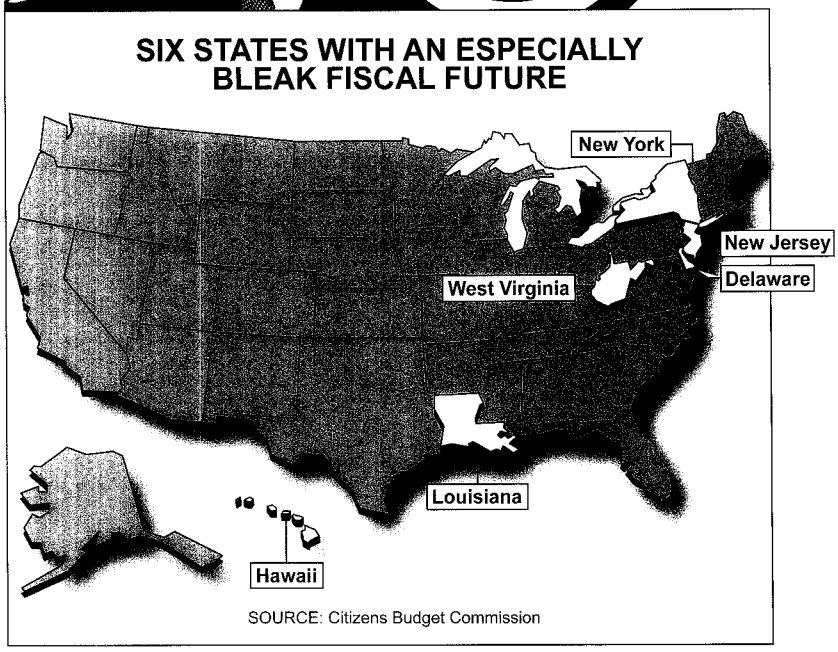
their mortgages and other living expenses by refinancing. But this vacation from reality couldn't last forever because home prices couldn't—and didn't—maintain their torrid growth forever. All those protections that lenders enjoyed didn't matter a bit if borrowers couldn't and wouldn't repay what they owed.

Like homeowners, state and local governments spent the boom years using illusory gains to justify ever-higher spending and borrowing. Between 2000 and 2008, state tax revenues, buoyed by the housing and financial industries, outpaced inflation by 15 percent, according to the Census Bureau. Local tax collections mushroomed, too. But instead of using all this money to reduce their debt, state and local governments spent it on rising public-education costs and expanding Medicaid for poor and working-class residents. The biggest partners in profligacy—California, Illinois, New Jersey, and New York among them—also piled on public-sector labor costs. Just to pay the generous pensions and health benefits of their workers, many of whom can retire in their mid-fifties, state governments face a trillion-dollar shortfall over the coming decades, the Pew Center on the States recently reported.



Even during the boom, money fell short. By 2008, state and local debt rose to $2.2 trillion outstanding—49 percent higher, after inflation, than in 2000. Add the health and pension benefits for government workers, and you're up to a staggering $3.2 trillion. Once the recession's severity became apparent, state and local officials should have realized that hard fiscal times were coming and begun cutting back on the unsustainable costs. Instead, they have kept on spending, and borrowed to do it: states alone have already borrowed another $15 billion for operating costs over the past two years.

Municipal bond buyers are partly to blame for state and local governments' failure to face reality. True, there are other culprits, such as President Obama's 2009 stimulus package,

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which poured more than $200 billion of reality-distorting funds into municipalities' coffers so that they could keep hiking their spending. By 2011, stimulus money will have filled about 6 percent of states' revenue shortfalls, obscuring the need for fiscal reform. But now that stimulus cash is running out, states are falling even more passionately into the arms of all-too-willing debt markets. In New York, for instance, Lieutenant Governor Richard Ravitch has proposed an intricately detailed $6 billion borrowing plan to help close $60 billion in operating deficits over five years but hasn't said a word about how exactly to cut spending. The ratings analysts remain calm, with Moody's observing in early March that New York has a "long track record of closing annual budget gaps" and Standard and Poor's reminding investors of the state's rosy "history of what we consider conservative budgeting."

Washington has made things even worse with "Build America Bonds," part of the stimulus package. Usually, municipal bonds offer comparatively low interest rates because lenders don't have to pay taxes on their interest income. But investor demand is limited to people who need this benefit. Build America Bonds, by contrast, are taxable, so they offer higher interest rates; state and city governments issue them to a bigger market, but the feds cover the higher interest costs. Big borrowers have ably exploited this invitation to borrow still more. California, New York, and Illinois have already issued $31 billion in such bonds, or 40 percent of the year-old program.

Thanks to Build America—and also to the Federal Reserve's 0 percent interest-rate policy, which lets borrowers access cash cheaply—2010 may be a record year for municipal-debt issuance and a lost year for fixing state and local budgets. The average state owes 2.1 percent of its citizens' annual personal income. California owes 4.4 percent, New York 5.4 percent, and New Jersey 6.7 percent. New York's Citizens Budget Commission recently added future retiree obligations to that statistic and found that six American states—New York and New Jersey among them—are on the verge of a "danger zone."

What will they do if they enter that danger zone in the coming years? Perhaps what over-indebted homeowners did in tearing up the conventional wisdom about their ability and willingness to repay their mortgages. Once state and local governments have borrowed too much, they may well find a way not to pay their lenders back.

To get a glimpse of the future, look to Vallejo, California, about 30 miles north of San Francisco. Like many municipalities, this city of 117,000 residents found itself hard hit by the housing bust, with property-tax revenues falling by more than a quarter in two years. Vallejo first tried to address the crisis the way other cities have: cutting staffing sharply and slashing everything from public safety to road maintenance. But crime shot up, and citizens got angry (see "Vallejo Goes for Broke" on page 22).

Instead of firing workers, Vallejo might have cut their wages and benefits—but its agreements with public-sector unions prohibited that. The city was stuck paying the *average* police officer and firefighter more than $80,000, including annual raises of 19 to 21 percent between 2006 and 2009. Work rules, too, prevented Vallejo from streamlining. For example, it had to maintain minimum staffing at some locations, even as ever-scarcer resources were needed elsewhere.

So Vallejo did something unprecedented: in spring 2008, it filed for bankruptcy to fix its long-term problems. Seeing that the real problem was that "collective bargaining agreements control the city's labor costs," as Vallejo wrote in its court documents, it petitioned a bankruptcy judge to throw out those agreements so that it could restructure its long-term obligations. In court, Vallejo pointed to "hundreds of millions of dollars in debt that the city shoulders now for services rendered in the past, such as bonds, pensions, and retiree health benefits that consume a large and growing portion of the City's annual budget." For instance, city workers could still retire in their fifties with fat pensions, and current and future retirees still had promises of full health benefits for life.

In filing for bankruptcy, Vallejo violated the first principle of municipal-finance conventional wisdom: that cities and towns will do anything

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to avoid default. Vallejo was insolvent, true, but its managers could have emulated many of their counterparts around the nation in trying, through structured finance, to borrow more somehow and hope for the best. Vallejo, after all, is no more insolvent than California, which last year was reduced to hoarding its citizens' tax refunds for months for extra cash. Vallejo owes bondholders 5.5 percent of its citizens' personal income—little more than New York's 5.4. (True, the financial situations diverge by several percentage points when you consider projections of pension and health benefits, but the unreliability of such estimates renders that gap meaningless.)

Vallejo chose not to pursue short-term heroics. The benefits of paring down contractual obligations, it decided, outweighed the costs of declaring bankruptcy—and it has already reaped rewards. A year ago, federal bankruptcy judge Michael McManus handed down a precedent-setting ruling that a bankrupt municipality has the right to cancel current collective bargaining contracts, even if doing so contradicts state labor law, as it does in California. In reaching his decision, McManus employed the long-standing principle that when laws conflict, federal law is supreme. McManus later agreed that Vallejo's labor contracts were too onerous and sent unions and the city to arbitration and mediation.

Since it filed for bankruptcy, Vallejo has renegotiated contracts with three of its four unions (the fourth is still appealing). Employees have given up constricting work rules and even taken hefty salary reductions. Vallejo has won some long-term freedom, too. The city normally renews current retirees' health-care benefits with each new collective bargaining agreement. This time around, with the old agreement thrown out, instead of paying 100 percent of its retirees' health-care costs—which can reach a maximum of $2,250 a month per person—Vallejo will pay a maximum of $750 a month to some retirees. If the court approves Vallejo's bankruptcy-exit plan this summer, the city will emerge from bankruptcy with $34 million in health-care obligations to retirees, down 75 percent from $135 million.

The average state owes 2.1 percent of its citizens' annual personal income. New York owes 5.4 percent.

Throughout its bankruptcy, Vallejo has not paid the full amount it owes on its municipal bonds. (The city has just one big municipal bondholder, the Union Bank of California.) What's more, it has proposed, in its exit plan, to defer payments on its bonds for three years, saving up cash and investing in infrastructure before paying lenders in full.

Yet the municipal-bond world has treated Vallejo's bankruptcy as a minor annoyance, telling investors: move along, please, nothing to see here. Analysts have found much comfort in the fact that Vallejo didn't file its bankruptcy to repudiate its bond debt. They take heart, too, in Vallejo's seeming desire to repay that debt. A March report from Municipal Market Advisors was typical, criticizing a more pessimistic article from the financial-news outlet *Barron's* as "ignoring, of course, the city's own plan to repay all bondholders at 100 percent."

But the muni-bond market may be so intent on ignoring Vallejo for fear that if it looks too closely, it might not like what it sees. Vallejo's bondholders may get off relatively easily precisely because Vallejo stopped piling up obligations on its own, rather than trying one mad dash to borrow more. Vallejo didn't follow, say, Illinois' example: borrowing in the bond markets to fund future obligations to retirees. Vallejo knew that it had to cut future retiree obligations—and even so, it couldn't do it without affecting bondholders, too.

Bondholders should realize, then, that they are vulnerable to real losses as cities, towns, and states move to escape massive health-care obligations to their retirees. At best, they'll suffer the Vallejo bondholders' fate—though a

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three-year deferral of payment is no small matter to an investor. At worst, they'll take bigger losses as obligations pile up. It's easy to imagine some future mayor convincing a bankruptcy judge that it's only fair for bondholders, along with union members, to take big cuts in a restructuring. Indeed, heavily indebted governments' willingness to repay crippling municipal debt will depend on what's politically expedient. Today, politicians still see the advantages of borrowing more. Ten years from now, it may be more practical for a governor to tell the public: we've borrowed too much, we did so because clever Wall Street investors convinced our predecessors that it was a good idea, and we shouldn't have to pay those investors back.

Investors continue to assume that financial calculations would trump political calculations in such a case—that is, that no state or city would default, even if the public supported it, because it would cut off the borrower's access to credit markets. But that would be true only if the state or city in question considered immediate access to bond markets more important than cutting the amount it already owed. Furthermore, a state or city that did cut down its obligations might, strangely enough, have an *easier* time getting financing afterward, since new bondholders would know that its finances were finally sustainable.

The uncomfortable truth is that as municipal debt grows, the risk mounts that someday it will be politically, economically, and financially worthwhile for borrowers to escape it. When that happens, the protections that lenders supposedly enjoy will be meaningless. Lenders shouldn't take solace in states' inability to access federal bankruptcy codes: a state could certainly stop making payments on its debt without formally going into bankruptcy. As for complex financial engineering, a future elected official could convince the public that the "trust" structure that New York uses to issue bonds is a fraud perpetuated by corrupt former officeholders—a deliberate attempt to nullify voters' right to limit indebtedness—and withhold payments to the trusts and hence to their bondholders. This would mean years in court, and, in the meantime, the bondholders would go unpaid.

But there's always Uncle Sam, right? Maybe not. In relying on future bailouts, investors are taking a gamble. Consider how thoroughly the public remains fed up with the bailouts of AIG's creditors, who should have known better than to lend so imprudently. Furthermore, in bailouts where the federal government's aim has been not to save the financial system but to force a borrower to restructure its obligations, bondholders have fared poorly. When the White House rescued Chrysler and General Motors, it forced bondholders to take bigger losses than union members did, despite bondholders' higher claim.

A practical limitation on federal bailouts exists, too, and investors would do better not to reach it. Washington cannot guarantee *all* debt. In March, Moody's questioned the resilience of America's AAA credit rating, noting that "preserving debt affordability" at the federal level "will invariably require fiscal adjustments of a magnitude that . . . will test social cohesion." To get its finances in line, in other words, the United States must *already* slash spending to such an extent that it will risk the wrath of the targets, likely including public-employee unions and Medicaid recipients. Shouldering the debt burdens of bankrupt states and cities would make the situation even graver. Faced with a choice between preserving "social cohesion" and saving municipal or corporate bondholders, the feds would be likely to pick social cohesion, throwing some creditors out of the bailout boat.

That's the better scenario, in fact. The worse one is massive inflation, effectively a wholesale repudiation of all government debt.

Disaster isn't inevitable. But to avoid it, states and cities badly need the financial discipline that sober markets can provide. Municipal investors should ask themselves a few simple questions. Is it not daft to lend New York and California one dime more? Are certain states' and cities' finances sustainable, absent a bubble or a miracle? If not, aren't today's investors just hoping that they're not the last ones left holding bad paper? Asking and answering these questions could save bondholders money—and could also force state and local politicians to address reality before it's too late. □

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The Menace of Strategic Default

Homeowners who walk away from their mortgages undermine our financial system.

Luigi Zingales

Eighteen years ago, when I bought my first apartment in Chicago, I asked my broker whether, if I defaulted on my mortgage, the lender could come after my income after repossessing the house. I had heard that some states didn't allow that, and I wondered if Illinois was among them. To my surprise, the broker didn't know, either, but she promised to find out. It clearly wasn't a burning question for her, since she still wasn't able to answer it the next time we met. Our ignorance wasn't unique. Confident that house prices would never stop rising, most Americans never bothered to check what would happen if they defaulted. After all, who would walk away from a house worth more than the mortgage?

Today, the matter is far from theoretical for the 15.2 million American households holding mortgages that exceed the value of their homes. It will help determine how many of them choose to "default strategically"—that is, walk away from their mortgages even when they can afford them, because they've determined that it's no longer worth it to keep paying. And that, in

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turn, will help determine the future health of the American housing market—and thus of the U.S. economy.

Many people think that we don't have to worry about widespread strategic defaults. When I discussed the problem with a board member of one of the top four American banks, he categorically denied its existence: "The idea that people would walk away from their homes when they can still afford to pay the mortgage is unfounded." A study from the Federal Reserve of Boston seems to confirm his skepticism. Evaluating Massachusetts homeowners during the 1990–91 recession, it found that only 6.4 percent of "underwater" borrowers—that is, those burdened with mortgages that exceeded the value of their homes—ended up in foreclosure. And not all of those households were defaulting strategically; many, presumably, were actually unable to pay their mortgages.

Unfortunately, such evidence may not tell us much about the likelihood of strategic default today. During the 1990–91 recession in Massachusetts, home prices fell just 22.7 percent from peak to trough, and most borrowers had made 20 percent down payments—so few owed much more than their houses were worth. Even people who had bought at the peak owed, on average, just 3 percent more than the value of the house. Over the last few years, by contrast, home prices have fallen by 40 to 50 percent in several areas, and many borrowers had put very little or nothing down when they bought their houses. Furthermore, during the current recession, the problem affects not only those who bought houses at the peak but also those who took advantage of rising house prices to take some money out in a refinancing. This wasn't the case in 1990–91, when home-equity lines of credit were extremely rare.

Strategic default is hard to define, of course, and presents difficulties for researchers. What exactly does it mean to be able to pay a mortgage? If I default because I'm unwilling to work extra hours to pay my mortgage, is that a strategic default or a necessary one? Nevertheless, a growing body of evidence suggests that in the current recession, strategic default exists and is rising.

The most convincing evidence comes from a study by Experian and the consulting firm Oliver Wyman that tries to measure strategic default by identifying people who go straight from having always been current on their mortgages to being 180 days late—while staying current on all their other debt obligations, such as credit cards and auto loans. The idea is that if somebody pays the credit card but not the mortgage, it's probably because he wants to default on the mortgage, not because he must. The study estimates that in 2008, 17 percent of all U.S. defaults were strategic, though that figure differs tremendously across groups and regions. For instance, 27 percent of defaults among people with high credit scores appear to be strategic, a figure that jumps to 40 percent in California.

A study by the Amherst Securities Group takes a different approach. It shows that in areas where homeowners generally weren't underwater, under 1.5 percent of subprime mortgages became nonperforming each month during the third quarter of 2009. But in areas where the average mortgage exceeded the current value of a house by 20 percent or more, the rate of monthly subprime defaults was 4.5 percent. The difference between the two rates probably isn't due to homeowners' *ability* to pay, because the study corrects for unemployment. The assumption, therefore, is that it's due to homeowners' *willingness* to pay when they see how much more expensive their mortgages are than their houses. The difference between the two default rates—the 1.5 percent "natural" rate and the 4.5 percent rate in areas where home prices dropped significantly—suggests that in those areas, *two-thirds* of defaults seem to be strategic.

Survey-based evidence also suggests that strategic default has become widespread. A survey conducted by the Chicago Booth/Kellogg School Financial Trust Index, which I helped design, asked a representative sample of 1,000 Americans how many people they knew who had defaulted and how many of those people had defaulted even if they could still afford to pay their mortgages. According to the respondents

Fortunately, debtors no longer face prison time, as they did in nineteenth-century London, but shouldn't they pay when they can afford to?

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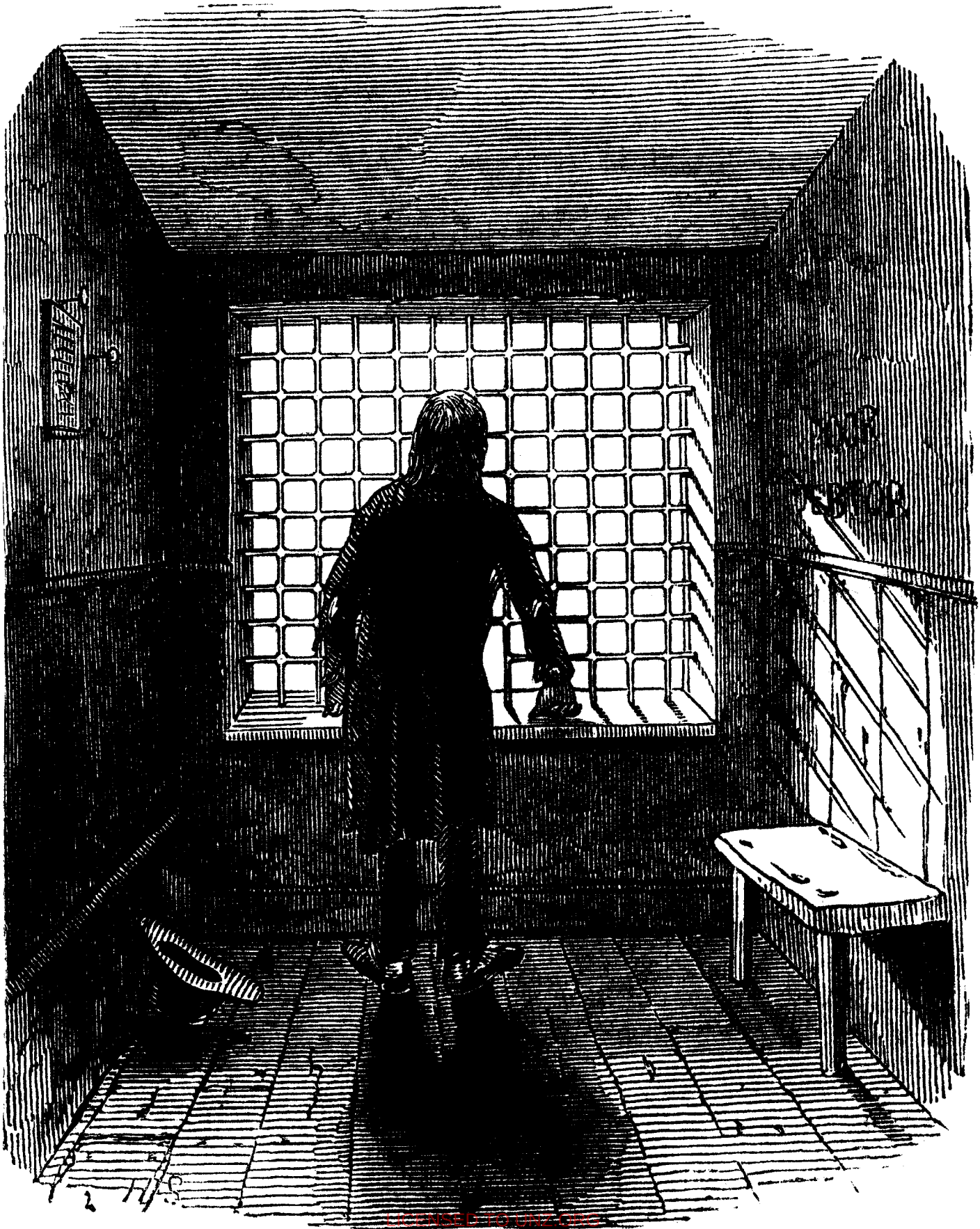

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in March 2009, 23 percent of their acquaintances' defaults were strategic. By September, that fraction had increased to 36 percent.

Though the rate of strategic default is hard to determine, one thing seems certain: the more you owe, relative to the value of your house, the likelier you are to default strategically. Nobody will do that if his mortgage is just 10 percent larger than his house is worth. Of households that owe 50 percent more than their houses are worth, the same survey suggests, 25 percent will default strategically. And a New York Fed study estimates that of households that owe 62 percent more than their houses are worth, a full half will default strategically. The good news is that many homeowners seem unwilling to default even when they owe a lot more than their houses are worth. The bad news is that we aren't sure why they hold off—or how long they'll continue to.

In fact, what's surprising isn't how many homeowners choose to default strategically, but rather how few do so, given the strong monetary incentives. In many areas, prices have fallen so steeply that the monthly mortgage on a house—if it was acquired just before the housing bubble burst—is twice as expensive as the monthly rent on an identical house. If you were holding such a mortgage, why *wouldn't* you default?

The law doesn't provide much incentive to stay put. It's true that 39 states permit a lender to come after a borrower's other assets and income if he defaults (as I would have discovered, had I done my homework 18 years ago). And it's also true that even in the 11 states that don't allow that, the restriction applies only to original home loans used to purchase property, not to home-equity lines of credit, while there is some legal uncertainty regarding mortgages issued to refinance existing mortgages. Nevertheless, lenders rarely slap borrowers with a deficiency judgment—a court injunction to pay the difference between the face value of a mortgage and the proceeds that the lender earns by repossessing and selling the house. The procedure is costly and generally not worth the expense because of the limited assets that most Americans own aside from their homes.

The tax code likewise doesn't impede people from defaulting strategically. Until recently, it's true, people had to pay taxes on any forgone debt. If you walked away from a house worth, say, $100,000 less than you owed the bank for it, that $100,000 was essentially income, and you had to pay income tax on it. However, in December 2007, Congress made mortgage debt cancellation nontaxable for personal residences. Congress's aim was to facilitate the renegotiation of underwater mortgages, but the move had an unintended consequence: reducing the cost of walking away.

What does prevent people from strategic default, it seems, is their sense of what's right. More than 80 percent of Americans think that it's immoral to default on a mortgage if you can afford to pay it, according to a recent paper by Luigi Guiso, Paola Sapienza, and myself, and these people are 77 percent less likely to declare their intention to default strategically than people who don't find the act immoral. Perceived social norms also seem to affect the propensity to walk away: knowing somebody who defaulted strategically, or living in an area where many people have done so, makes a person much more likely to declare his willingness to follow suit.

Recently, though, some scholars have begun questioning the moral imperative not to default. Roger Lowenstein, writing in the *New York Times*, wonders why we should expect homeowners not to default strategically, when banks routinely do so with their underwater investments. Similarly, Lowenstein likens strategic defaults to the "walkaways" that prominent companies have made, such as Tishman Speyer's default on its Stuyvesant Town property in New York. The analogy isn't apt, however, because in commercial real estate, contracts explicitly state that borrowers can transfer ownership of the collateral in lieu of repaying the debt. With such an agreement in force, there is no moral obligation to pay any residual debt after the property has been transferred. Such a provision is not present in home mortgages in most states.

University of Arizona law professor Brent White goes further, arguing that defaulting on a mortgage when its value exceeds the value of the house is the rational thing to do and that

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homeowners refrain only because of media "scare stories" pushed by powerful lenders. He suggests that the government should encourage borrowers to default when it's in their economic interest, which would force banks to renegotiate the loans. His solution is akin to encouraging people not to pay taxes in an effort to induce the government to reduce fiscal pressure: it might work, but at the cost of putting the entire system at risk.

How much risk? If the underwater homeowners who currently refuse to default changed their minds and decided to abandon their mortgage commitments, the results could be catastrophic. The more people walk away, the more houses get auctioned off, further depressing real-estate prices. This additional decline would push more homeowners into negative territory, leading to still more defaults. Adding to the deadliness of this cycle would be the fact that as more strategic defaults occurred, the social stigma associated with them would lessen. Such a continued collapse is already a distinct possibility in several states: Nevada (where two-thirds of all homeowners are underwater), Arizona (51 percent), Florida (49 percent), Michigan (48 percent), and California (42 percent). Every time a borrower defaults, moreover, he makes future mortgages more expensive (because lenders have to cover the cost) and the mortgage market more inefficient (because many potential borrowers are shut out). This higher cost and reduced availability of credit would depress house prices even more, jeopardizing the possibility of an economic recovery.

Undermining the social norm to repay mortgages, as Lowenstein and White do, is thus a very bad idea. You might just as well say that when a theater is going up in flames, it's "rational" to trample other people in rushing to the exits.

More than 80 percent of Americans think that it's immoral to default on a mortgage if you can afford to pay it.

Not only did the real-estate crisis shove millions of homeowners underwater; it also jeopardized the very social norms that the housing market rests upon. To prevent a complete breakdown in social norms—a breakdown that could take decades to reverse—it's necessary to facilitate mortgage renegotiations, especially in the areas most affected by the drop in home prices. Unfortunately, the major lenders oppose any reduction of mortgage principal. They're playing a dangerous game of chicken, gambling that the real-estate market will recover and that any dollar of principal reduction now will be a dollar less in profit for them later. (Even if the market doesn't recover, they don't have much to lose, since if they collapse they're likely to become wards of the state.)

Eric Posner and I have proposed a simple solution to the problem of underwater mortgages. We envision a reform of the bankruptcy code that, in areas where house prices have dropped precipitously, would require lenders to give homeowners the option of resetting their mortgages to the current value of their houses. In exchange, the lenders would get 50 percent of the houses' future appreciation. To keep homeowners honest—that is, to prevent them from doing minimal upkeep in the knowledge that they stood to gain less from a home-price increase—the capital gain would be measured based on an average of houses selling in the area, rather than on the change in the value of the actual house.

This proposal eliminates all the incentives for a strategic default without excessively rewarding the borrowers. In fact, the proposal's main appeal is that it tries to split the costs and benefits fairly between lenders and borrowers, without having taxpayers subsidize both, as the Obama administration's interventions have done. Unfortunately, that makes our proposal unpopular. Since it doesn't unduly favor any constituency, it isn't supported by any. And since it doesn't spend tax revenue, it isn't favored by politicians, who never tire of rescuing some people with other people's money.

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Bracing Brew

THE ART ARCHIVE

Myron Magnet

Bring on the Tea Parties!

The Tea Party movement is a healthy reminder that the United States began as a tax revolt. From the 1765 Stamp Act Congress, when the American colonists first called their representatives together to declare their "undoubted right . . . that no taxes be imposed on them, but with their own consent," to the Boston Tea Party eight years later, when the Sons of Liberty dumped a shipload of tea into the harbor rather than accept Britain's right to tax that normally soothing commodity, the Founding Fathers militantly denied that "all the fruits of [the colonists'] labour and industry may be taken from [them] whenever an avaricious governor and a rapacious council may incline to demand them," as future chief justice John Jay put it in 1775. After all, they reasoned as they took up arms against their king, government exists to protect "certain inherent rights, namely, the enjoyment of life and liberty, with the means of acquiring and possessing property, and pursuing and obtaining happiness and safety," as George Mason summed up Lockean orthodoxy in Virginia's Bill of Rights. Therefore, when a government invades rather than safeguards property through taxation without consent, it cancels its own legitimacy.

The Founders had no quarrel with citizen-sanctioned taxation, but in shaping their new government they never forgot, as future president James Madison wrote, that "the apportionment of taxes on the various descriptions of property is an act which seems to require the most exact impartiality, yet there is perhaps no legislative act in which greater opportunity and temptation are given to a predominant party to trample on the rules of justice." To forestall that danger—specifically, the danger that the propertyless majority would tyranically tax away the property of the minority—they constructed their beautiful governmental framework of limited and enumerated powers, with its checks and balances for extra restraint. Madison and his fellow Founders understood, long before Lord Acton, that "all men having power ought to be distrusted to a certain degree"—and nowhere more so than in the matter of taxes.

So it was exhilarating to hear CNBC financial reporter Rick Santelli invoke these great doings of two centuries ago in his famous February 2009 outburst that gave birth to the Tea Party movement. Two days earlier, newly inaugurated president Barack Obama had signed his $787 billion stimulus act, which taxpayers ultimately must finance, and which went in part to keep bloated state and local governments from having to fire the unnecessary "swarms of officers" that "harass our people, and eat out their substance," as the Declaration of Independence described King George's tax-financed colonial officials. The next day, Obama had proposed a $75 billion mortgage-modification program to save sinking borrowers from foreclosure. Why doesn't the president have a referendum "to see if we really want to subsidize the losers' mortgages?" Santelli demanded. Turning to the commodity traders behind him at the Chicago Mercantile Exchange, he asked, "How many of you people want to pay your neighbor's mortgage, that has an extra bathroom and can't pay their bills?" Discomfited by the roar of anti-bailout booing from the floor, Santelli's New York anchorman warily observed, "These people are like putty in your hands."

"No, they're not," Santelli countered. "This is America. Cuba used to have mansions and a relatively decent economy. They moved from the individual to the collective; now they're driving

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'54 Chevys—maybe the last great car to come out of Detroit. We're thinking of having a Chicago Tea Party in July. I'm going to start organizing. If you look at our Founding Fathers, like Franklin and Jefferson—what we're doing right now is making them roll over in their graves."

In what other country could a TV reporter, without missing a beat, invoke his nation's founding ideas—and on top of that, give rise almost instantly to hundreds of Tea Party groups with tens of thousands of members grounding their opposition to President Obama's redistributionist program on a similar appeal to the Founders? The signs at their rallies echo Madison's contempt for such "improper or wicked project[s]" as "an abolition of debts" or "an equal division of property." BORN FREE, TAXED TO DEATH, read one poster at a Wyoming Tea Party, while another proclaimed, OBAMA AKA ROBBIN' HOOD WANTS TO STEAL FROM THOSE WHO WORK TO GIVE HANDOUTS TO THOSE WHO WON'T. In Georgia, a Tea Partier flourished a placard that read FREE MARKETS, NOT FREE LOADERS. And everywhere appeared signs saying HONOR THE CONSTITUTION or WE ARE ENDOWED BY OUR CREATOR WITH CERTAIN UNALIENABLE RIGHTS.

What unifies the many Tea Partiers interviewed on the PJTV website—mostly middle-class, conservative whites, often over 60, with a strong sprinkling of military veterans, small-business owners, independent voters, and young people among them—is their fear that the president's various Great Recession bailouts, along with his government takeover of health care, will change America from the limited-government, individualistic, free-enterprise regime that the Founders created to a statist, big-government regime that will curb liberty in the name of redistributionist "fairness" and will burden their children and grandchildren with impoverishing public debt. "Every step the government takes, takes us further away from the Constitution and towards big government," said a young Marine vet at a Florida Tea Party. "We want the government just to leave us alone, let us live our own lives," said a Texas Tea Partier before government-controlled health care passed. "I've got three businesses, two of them barely hanging on because of all this crap. Got one doing well because it's local. If they pass health care, you can write off four more unemployed people, because I won't be able to pay them. You can't keep taking our rights away."

Summing up a universal Tea Party sentiment, Freerepublic.com founder Jim Robinson said at a Georgia rally, "I would like to see this country go back to the Constitution—get rid of all this socialism." Mainstream journalists have pounced on this idea. What big-government programs would you like to get rid of? PBS's Charlie Rose asked former House majority leader Dick Armey, a Tea Party ally. Medicare? Social Security? Gotcha! The *New York Times* triumphantly quoted the discomfited ambivalence of 30-year-old Keli Carender, organizer of the first Tea Party, about Medicare and Medicaid. "Some days I'm very Randian. I feel like there shouldn't be any of those programs," she said. "Sometimes I think, well, maybe it really should be just state, and there should be no federal part in it at all." But these journalists don't understand that to the Tea Partiers, saying that we've already replaced the Founders' limited government with a medium-size welfare state is no argument for scaling it up to a European-size one. As one sign asked of health-care nationalizer Obama at a Wyoming Tea Party, MEDICARE IS GOING BROKE, MEDICAID IS GOING BROKE, AND YOU WANT US TO BELIEVE **WHAT**?

Like any grassroots revolt, starting with the colonial committees of correspondence, the Tea Party movement begins with a resounding *No!* As one sign commenting on the president's health-care takeover phrased it, RAM IT DOWN OUR THROATS, AND WE'LL SHOVE IT UP YOUR—and here followed a picture of a bucking Democratic donkey. And the No! is remarkably sweeping. Spluttered a well-coiffed, well-mannered lady of retirement age in Texas, "We have been very angry—I love President Bush, but he kept spending money, money, money." Passionate, fast-expanding, and armed with all the latest electronic technology that Obama deployed so brilliantly in his campaign—Facebook, Twitter, Meetup.com, and so on—the Tea Partiers will surely influence candidate selections and electoral races this year and in 2012. The question is, how fully will they embrace the radicalism of their own radically American creed?

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Can New York Clean Up the Testing Mess?

Two top education officials tackle rampant score inflation.

Sol Stern

As New York State's executive and legislative branches sank into a swamp of corruption and political paralysis this winter, something brave, honest, and totally unexpected took place in one Albany office. Pounding the table and refusing to accept any more excuses, the new chancellor of the Board of Regents, Merryl Tisch, forced the state's notoriously dysfunctional department of education to submit to an outside audit of the reading and math tests, mandated by the federal No Child Left Behind (NCLB) act, that it has administered to all students in grades three through eight. A memorandum of understanding between the department and Harvard professor Daniel Koretz—one of the nation's top testing experts—gives Koretz access to the data that he'll need to determine whether New York's test scores have been inflated. And once he does, it's likely that the state's claims of spectacular student progress will be revealed as an illusion.

Such a development would be healthy for education reform nationally, because all states need to come clean about test-score inflation. Reliable tests of student achievement are as essential for improving education as accurate monitoring of blood-sugar levels was to advancing the treatment of diabetes. Unfortunately, when NCLB became law, it left the door wide open to massive test inflation by stipulating that all American students "will be proficient" by the year 2014—and imposing a series of increasingly onerous sanctions on districts and schools not moving toward that goal—yet allowing each state to develop its own tests and set its own standard for "proficiency." Since men are not angels, it was inevitable that some state education authorities would lower the proficiency bar to make themselves look good to the feds.

Now the Obama administration has launched the most expansive (and expensive) federal school-reform initiative in American history. Like NCLB, the initiative judges teachers, schools, and states by improvements in students' test scores. But testing could be the Achilles' heel of Obama's reform agenda unless states like New York, where sudden student improvements strain all credulity, shape up.

For more than two decades, mainstream American social science has recognized that accountability schemes like NCLB can lead to fraud and distortion. The principle even has a name: Campbell's Law, after Donald Campbell, one of the greatest American social scientists of the twentieth century. In one study, Campbell observed various companies' attempts to improve employees' performance indicators by giving them incentives. He came up with this general formulation: "The more any quantitative social indicator is used for social decision making, the more subject it will be to corruption pressures and the more apt it will be to distort and corrupt the social processes it is intended to monitor."

Campbell even extended the "law" to the realm of education testing, writing that "when test scores become the goal of the teaching process, they both lose their value as indicators of educational status and distort the educational process in undesirable ways." In plain English: when school districts, prompted by systems like NCLB, offer teachers and administrators substantial incentives to raise students' test scores, the teachers and administrators will be tempted to find extraordinary means—but not always ethical ones—to get the test scores up.

That's exactly what seems to have happened. The best evidence of test-score inflation is the growing gap between the number of students that states deem proficient on their own

Illustrations by Arnold Roth

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tests—those they administer under the terms of NCLB—and the number deemed proficient by the National Assessment of Educational Progress (NAEP), often referred to as the "nation's report card." One reason the federal NAEP tests are the gold standard in student assessment is that they can't be gamed by teachers or administrators. Every two years, NAEP math and reading tests are given to a statistically valid sample of all fourth- and eighth-grade students in each state; teachers aren't able to teach to the test, and school districts can't offer students practice tests because no one knows ahead of time which students will be tested. And in nearly every state in the union, the NAEP exams deem far fewer students proficient than the state's own exams do.

An even more disturbing phenomenon: states reporting huge gains on their own tests while their NAEP results don't budge. One glaring instance happened recently in New York, where the percentage of eighth-graders reaching proficiency on the state's math test rose from 58.8 percent in 2007 to a stunning 80.2 percent in 2009, while over the same period, the NAEP math scores for the eighth-graders remained flat. On the state's fourth-grade reading exams, the proficiency rate went up from 68 percent in 2007 to 76.9 percent in 2009, while the NAEP test again showed no gain. On the state's eighth-grade reading test, the proficiency rate went from 57 percent to 68.5 percent, while the NAEP tests showed a 1 percentile-point gain. It's hard to escape the conclusion that states are gaming their tests—not only to satisfy NCLB but also to celebrate the education miracles that they've supposedly worked.

Not every state has succumbed to the temptation, thankfully. Massachusetts made an honorable effort to maintain high academic content standards and then carefully aligned its state tests to those standards. Not surprisingly, it is one of the few states without significant gaps between student performance on state tests and on the NAEP.

But Massachusetts is an exception. For a depressing instance of the rule, turn to New York, whose education department, even before the NCLB era, was repeatedly cited in official audits for failing to uphold its statutory responsibility to oversee local school districts. A 1991 report by state comptroller Ned Regan, for example, revealed that 10 percent of high school Regents exams had been improperly graded, leading to passing grades for many students who should have failed. But state education authorities did little to establish control over districts' grading practices and didn't even consider revisiting the astonishing policy of letting teachers grade their own students' tests. It therefore shouldn't have come as a surprise last year when the state's current comptroller, Thomas DiNapoli, audited the grading of Regents exams and discovered that many students who should have failed had again passed.

But the problem worsened considerably in 2002, when NCLB was enacted and New York's testing agency was about to become the education department's most important bureau, in charge of supervising the NCLB-mandated reading and math exams for grades three through eight. Two years later, the position of state testing director became vacant in New York, giving the Board of Regents—which governs the New York State Education Department—a golden opportunity to hire a highly qualified director committed to creating an honest and transparent testing system. Instead, the job went to David Abrams, a high school English teacher who had spent ten years as an administrator in an Albany-area school district. Abrams's curriculum vitae—apparently written hastily after I asked the education department for it—shows that he lacks professional credentials in education testing, statistics, and psychometrics. He has bachelor's and master's degrees in English, plus an administration M.A., which is required of every assistant principal in the state. One member of the Regents tells me that Abrams "has no qualifications for the job, and he's responsible for many of our blunders on the tests."

Perhaps Abrams's most serious blunder was ignoring a warning about those tests in 2008. On September 12, he received an urgent memo from Daniel Koretz and Howard Everson, a professor of education testing at the CUNY Graduate Center and chair of the state education department's

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Technical Advisory Group (TAG). The memorandum cited growing skepticism by the public and press about the reported score gains on the 2008 math and reading tests for grades three through eight. "None of the reporters found the large increases credible," Koretz and Everson wrote. "While we both emphatically assured them that there is no malfeasance, we had no basis for reassuring them with respect to test design and score inflation." They requested the education department's "support for a program of validation studies to be initiated this academic year," proposing to study "score inflation and the undesirable instructional activities that produce it" as well as the ways that "score inflation can create an illusion the achievement gap is closing, or that it is closing much faster than it actually is." Abrams never responded.

Though Koretz and Everson graciously absolved the education department of "malfeasance" as an explanation for score inflation, there was something very close to that in the way the department continued to defend itself whenever a reporter asked questions about the 2008 tests' integrity. Education commissioner Richard Mills reiterated that New York was protected against test corruption because of the highly regarded testing experts who served on the TAG and certified the testing process. The same defense appeared on the department's website. All this despite the TAG's chairman having already written the memo pointing out that, absent an independent study, there was "no basis for reassuring [the public] with respect to test design and score inflation"!

Rather than finally doing something to restore the integrity of the tests, the education department released more wildly implausible results the following year. On the state's 2009 math tests, for example, 87 percent of the seventh-graders achieved proficiency, up from 55 percent in just three years. In many districts, the number of students in all grades scoring above the proficiency bar was nearly 100 percent. In *City Journal* and the *New York Daily News*, I've called results like this the Lake Wobegon Effect, after Garrison Keillor's tales about a town where "all the children are above average." More bluntly, the *New York Post*'s Michael Goodwin called the test results "one of the most destructive frauds in many years."

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To see how New York's tests became corrupted, it's necessary to understand how the scoring process works. The state hires a private education publisher, CTB/McGraw-Hill, to design its tests. A "standard-setting" committee of CTB/McGraw-Hill psychometricians then converts raw test scores—that is, the total number of questions a student gets right—to a wider scale, much as raw points on the SAT get converted to a scale of 800. From these "scale scores," the committee then recommends the "cut points" that establish the minimum bar for students to reach one of the four designated achievement levels—below basic, basic, proficient, and advanced. If the cut points are set too high, student achievement will appear to fall; if they are set too low, achievement will appear to rise. Even in the best of circumstances, according to Everson, setting the cut scores is "more art than science."

Arguments about who set the cut scores for the troubling 2009 tests—and for what purpose—set off an unprecedented tumult at the Board of Regents last year. Shortly after her election as chancellor in April 2009, Merryl Tisch confided to several colleagues that she suspected Commissioner Mills of tampering with test scores to boost his own legacy. Another member of the Regents, former New York City schools superintendent Betty Rosa, went further, claiming that she was told by a high-ranking department official that Mills and Abrams had lowered the cut scores on the 2009 math test. Rosa even lobbied unsuccessfully to delay the release of the scores until there was an independent investigation of possible test corruption.

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When I wrote Abrams to ask whether he and Mills had played any role in setting the cut scores for the 2009 tests, he didn't respond, but the education department's press secretary, Tom Dunne, assured me that the cut scores are set by CTB/McGraw-Hill. And Everson confirmed that protocol calls for CTB/McGraw-Hill to recommend to the commissioner what the final cut scores should be. But the commissioner doesn't have to follow the recommendation and always has the last word, Everson added. In a phone conversation, I asked Mills whether he'd had anything to do with setting the 2009 cut scores. He didn't say either that he did or that he didn't. "I did what was appropriate, and the record speaks for itself," he noted in our brief exchange.

Whoever set the cut scores, something untoward seems to have happened at the education department last year. Several researchers analyzed the 2009 tests and demonstrated that the standards dropped precipitously and arbitrarily. Diana Senechal, a Yale Ph.D. and former New York City teacher, established that in some grades it was possible for a student to attain the "basic" level just by guessing on every multiple-choice question, even while totally disregarding the section of the test that required longer written answers. Senechal's study is buttressed by the fact that practically no students score below basic any more. For example, only 0.1 percent of all sixth-graders were designated at the lowest level on the 2009 reading test, down from 7.3 percent in 2006. Clearly, the downward trend was driven by the steady reduction in the percentage of raw points needed to reach "basic" status. Thus the percentage of raw points that sixth-graders needed to reach "basic" in reading dropped from 41 percent in 2006 to 17.9 percent in 2009.

The June 2 press conference announcing the 2009 math results was one of the strangest in the education department's history. Mills sounded triumphant as he described the spectacular double-digit gains by students all over the state and in every grade. But Tisch sat on the same dais, and it was obvious that she didn't believe a word of it. "Just because scores have gone up dramatically does not mean that our youngsters are ready to go to college," she said. "No one should interpret this as an enormous victory."

James Williams, the African-American superintendent of Buffalo schools, promptly complained that Tisch was disparaging the performance of his district's black children just as they were finally making academic gains. And in New York City, Mayor Michael Bloomberg and Schools Chancellor Joel Klein reportedly weren't happy that Tisch was raining on their parade. They certainly had reason to be surprised: nothing in her background might have predicted that she would take on the state's education bureaucracy. She's a member of one of Gotham's wealthiest families, part of the city's "ruling class," according to a *New York Times* profile. She travels in the mayor's social circle and counts both Bloomberg and Klein as friends.

However, Tisch had already pushed successfully for Mills's ouster, and to succeed him, she eventually supported the appointment of David Steiner, the reform-minded dean of the Hunter College School of Education. As a Boston University political-science professor in the early 1990s, Steiner had played a role in advancing the Massachusetts education-reform law that mandated a knowledge-based core curriculum. Raised in England, Steiner had never even seen a multiple-choice test until he moved to the United States for graduate studies. He was shocked to discover that New York allowed teachers to grade their own students' Regents exams, and he took office in October believing that the state's testing system needed a major overhaul.

Tisch's other major move—supporting the audit by Koretz—unleashed a backlash by the education department's old guard, who feared (reasonably) that an honest evaluation of the state's testing system would turn out to be extremely embarrassing. One high-level staffer even warned Steiner that Koretz was known in the field as a "test basher"—a fabrication. But the reformers have stuck to their guns. Koretz's team at Harvard is already at work, mapping student responses to individual test items over the past four years.

It isn't only NCLB-mandated tests that suffer from score inflation, by the way. The same pattern of lowered standards has infected New

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York's high school Regents exams. Former CUNY education school dean Alfred Posamentier, a member of the state's Mathematics Standards Commission, tells me that the Regents exam in algebra—typically taken by students in the ninth grade—has been drastically dumbed down. According to Posamentier, the algebra Regents is "no longer a very challenging instrument and, amazingly, requires a student to answer only about 35 percent of the questions correctly to earn a passing grade. A passing grade could then send a student on to the next course—typically, geometry—knowing only about one-third of the material from the previous mathematics course. This student is truly doomed to failure."

For Mayor Bloomberg, test-score inflation has been the gift from Albany that keeps on giving, an elevated platform from which to rejoice over—and take credit for—New York City's newly successful schools. Bloomberg and Chancellor Klein have also found ways to build even higher monuments to their success on top of that platform. Starting in 2005, for instance, the city's Department of Education (DOE) dissembled to reporters about the magnitude of score increases, appropriating to its column gains that had actually been achieved under the previous education administration. Also, many of the city's checks against cheating have disappeared in recent years. Under the old, pre-Bloomberg Board of Education, the safeguards included sending district administrators to every school on testing days to oversee test security procedures. The board also identified schools that had unusually high score increases from the previous year and subjected them to closer scrutiny in checking test papers. These procedures are nonexistent in today's DOE.

Moreover, beginning in 2005, the administration offered principals (and teachers, a few years later) a variety of inducements, including cash payments, for pushing test scores up, but didn't bother to ask too many questions about how the deed was done. Principals received cash bonuses of up to $25,000 for each year that scores went up substantially, and thousands of teachers got schoolwide bonuses—a powerful enticement to inflate scores. If scores didn't go up, teachers and principals faced sanctions, such as having their schools closed. Finally, CTB/McGraw-Hill now provides yet another gimmick to help city teachers get the scores up: the "Predictive Assessment," essentially a test-prepping device disguised as a mini-test that students take once a year and that closely reflects the blueprint and structure of the state tests.

The paradigmatic case of test-score inflation happened in the middle of the 2005 mayoral campaign at P.S. 33, an elementary school in the South Bronx. The percentage of the school's fourth-graders passing the reading exam—that is, scoring at or above proficiency—had more than doubled in a single year, skyrocketing from 35 percent in 2004 to 83 percent in 2005. Instead of ordering an investigation of this astonishing and literally unbelievable rise, Mayor Bloomberg held a press conference at the school to proclaim another miracle improvement on his watch. The school's principal, Elba Lopez, then quickly retired with a $15,000 bonus for her great work, which boosted her annual pension by about $8,000 for life. The next year, the same cohort of students, now fifth-graders, fell back to a pass rate of only 47 percent, and the pass rate for the new crop of fourth-graders was just 41 percent.

After I reported this in *City Journal* and Andy Wolf did the same in the *New York Sun*, the presumption that somebody had tampered with the students' 2005 exams became so strong that the DOE was forced to take a look. But the department waited almost two years to start an investigation, by which time the suspicious test papers had been destroyed. In a report issued almost four years after the tests were taken, the department's investigator found no wrongdoing, yet neglected to interview Lopez. When I asked DOE counsel Michael Best how the most likely suspect could be cleared without even an interview, he responded that the department's investigator hadn't been able to locate her. A few months later, *New York Post* reporter Yoav Gonen found Lopez at her apartment in the Bronx, exactly where she had always been. Lopez assured the *Post* that there was no cheating; the reason that the students didn't maintain their spectacularly high scores for more than one test cycle, she explained, was that the school had a new,

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inexperienced principal. By its negligent handling of this well-publicized case, the DOE sent a clear signal to all adults working in the schools: feel free to tamper with students' tests, so long as the miracle scores continue to make city hall happy.

In undermining the integrity of the tests, the Bloomberg administration had many powerful enablers, including the United Federation of Teachers (UFT). At the celebratory press conferences each year, union president Randi Weingarten appeared beside the mayor, nodding in approval as he detailed amazing stories of student improvement. Weingarten told confidants that the test scores were too good to be true. But in public, she maintained the fiction: Didn't the rising scores prove, after all, that teachers had earned their unprecedented raises of 43 percent since Bloomberg took over the schools?

Tisch and Steiner should recommend legislation that would make it a crime to tamper with test sheets.

Now that Bloomberg has informed the UFT that the days of wine and roses are over and negotiations for a new teachers' contract are at an impasse, Weingarten's handpicked successor, Michael Mulgrew, has suddenly reversed course on the testing issue. "Should we accept these 'miracles' on faith?" the new UFT president asked in a satiric editorial for the union newspaper. "Or do they warrant closer scrutiny? Reason alone tells us that when . . . 82 percent of students in grades 3 to 8 meet standards in math, the bar is too low." Only four months earlier, when the union still expected a 4 percent yearly raise from the city, Mulgrew had happily mounted the dais with Bloomberg and Weingarten to share praise for that very 82 percent proficiency rate.

Chancellor Tisch and Commissioner Steiner have a unique opportunity to offer parents an honest assessment of how their children and their schools are doing, even before the results of the Koretz audit come in. For starters, they should finally conduct a national search for a highly qualified testing director committed to transparency and an honest assessment of student academic achievement. The $148,000 salary that the education department already allocates for the position should be enough to attract someone with excellent professional credentials and a commitment to reform.

Tisch and Steiner could take a significant step toward solving blatant cheating by recommending legislation that would make it a crime for adults to tamper with students' test sheets. They should also end the practice of allowing teachers to grade their own students' Regents exams. School districts could easily create procedures in which exam papers are distributed randomly for grading by teachers from other schools.

Tisch and Steiner should also press for a moratorium on all bonus schemes based on students' test scores until the Koretz audit is completed and there is greater confidence that the test-inflation problem is being solved. And instead of echoing NCLB's impossible goal—all students reaching proficiency by some arbitrary date—Tisch and Steiner should declare a much more realistic target: narrowing the gap between students' performance on the state tests and on the NAEP tests. When the NAEP results are released, the education department should issue a report on how much progress (or lack thereof) has been made toward achieving that goal.

"We have to stop lying to children," education secretary Arne Duncan said recently at a meeting of the National Governors Association (NGA). "We have to look them in the eye and tell them the truth at every stage of their educational trajectory." Duncan has offered seed money to states to develop tests aligned to the Common Core State Standards project initiated by the NGA and endorsed by the administration. But Tisch and Steiner need not wait for the feds to fund better tests. By putting their own house in order, they can make New York a model for the kind of political courage and educational honesty that are desperately needed all over the nation.

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Preservation Follies

Excessive landmarking threatens to make Manhattan a refuge for the rich.

Edward L. Glaeser

New York's original Pennsylvania Railroad Station opened its doors in November 1910, with its towering Doric columns and a 150-foot-high waiting room based on the Baths of Caracalla in Rome. "As the crowd passed through the doors into the vast concourse," the *New York Times* reported, "on every hand were heard exclamations of wonder, for none had any idea of the architectural beauty of the new structure." But in the mid-1960s, the Pennsylvania Railroad tried to make up for falling revenues by razing the Beaux Arts structure—over the protests of architects and editorial boards—and replacing it with today's drab station, the new Madison Square Garden, and rent-bearing office towers.

The beloved old station became a martyr for the preservationist cause. In 1965, Mayor Robert Wagner signed the law establishing the Landmarks Preservation Commission. Initially, the move seemed like a harmless sop to the activist architects. But the commission's power soon grew, partly because it was charged not only with protecting beautiful old structures but also with establishing large historic districts. Today, New York City contains just 1,200 individually landmarked buildings, far fewer than the 25,000 buildings within its 100 historic districts. And in these districts—1,300 acres' worth in Manhattan alone—almost every action that affects a building's exterior must pass muster with the commission, from installing air conditioners in windows to mounting intercom boxes next to front doors. A tree can grow in Brooklyn, but not in SoHo, unless the commission decides that its leaves are no affront to that neighborhood.

It is wise and good to protect the most cherished parts of a city's architectural history. But New York's vast historic districts, which include thousands of utterly undistinguished structures, don't accomplish that goal. Worse, they impede new construction, keeping real estate in New York City enormously expensive (despite a housing crash), especially in its most desirable, historically protected areas. It's time to ask whether New York's big historic districts make sense.

According to a law passed in 1965, to bestow historic-district status on a neighborhood, the Landmarks Preservation Commission must hold public hearings, vote, and then submit its proposal to the city council, which must approve the designation. Once that happens, the commission has enormous powers over the new district: it may "specify the nature of any construction, reconstruction, alteration or demolition of any landscape feature which may be performed" within that district. The commission began landmarking speedily after the law was passed. From 1966 to 1981, it created 20 historic districts in southern Manhattan, at a rate of about 38 acres per year. (By "southern Manhattan," I mean the island below 96th Street—the most expensive land in the city and some of the most expensive in the world.)

The largest of these districts was Greenwich Village, which was landmarked in 1969. The plan to submit the Village to the commission's oversight was embraced by most of its residents, despite their well-known history of fighting the government's use of eminent domain to seize their property outright. Mayor Wagner said that he was "deeply concerned and sympathetic with the people of the West Village neighborhood in their desire to conserve and build constructively upon a neighborhood life which is an example of city community life

The destruction of the beautiful old Penn Station gave rise to the landmarking movement in New York.

ALFRED EISENSTAEDT/TIME LIFE PICTURES/GETTY IMAGES

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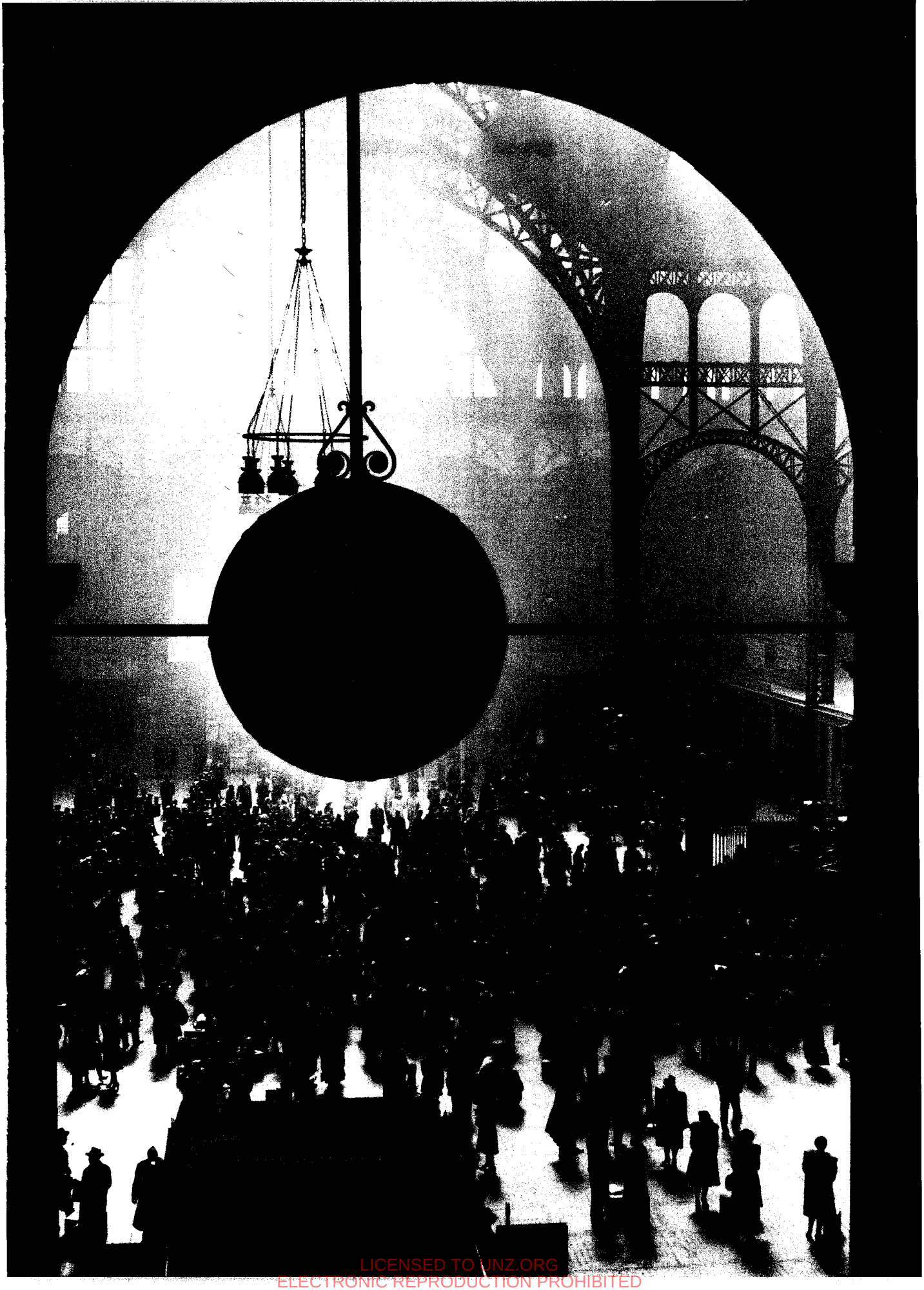

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at its healthiest." Mayor-elect John Lindsay and mayor-to-be Ed Koch, a Village resident himself, also favored making the Village a historic district. Two property owners did file a lawsuit against the city, and large property-owning institutions like the New School and Saint Vincent's Hospital also didn't want their future building options curtailed. But in the end, the proposal passed, and a similar groundswell helped establish the SoHo Cast Iron District in 1973.

In 1978, the U.S. Supreme Court allowed governments to landmark commercial areas without compensating the owners, giving the Landmarks Preservation Commission a green light to expand farther into areas that had many nonresidential properties. The largest of these was the Upper East Side. Once again, effective organizers, like *New York Times* drama critic Brendan Gill, rallied a sophisticated community behind the districting plan. Opponents of the Upper East Side Historic District mounted a spirited defense, challenging the notion that this large swath of Manhattan had any kind of architectural unity, but they were overwhelmed. Paul Goldberger, writing in the *Times*, noted that the decision put the Koch administration "squarely on the side of preservation, rather than development, of some of the city's most expensive real estate."

The Upper East Side Historic District was the high-water mark of preservationism in the age of Ed Koch. From May 1981 to May 1989, the commission added just five new districts in southern Manhattan, a rate of 2.82 acres per year. Perhaps the commissioner during much of this period, Gene Norman, didn't believe in expansion as much as his predecessors did. Perhaps the commission was busy fighting other battles, like landmarking the Broadway theaters and preventing Saint Bartholomew's on Park Avenue from erecting a tower. Or perhaps it was the spirit of the expansive eighties, when New York's growth seemed like a pretty good thing.

But then Norman resigned, and suddenly, perhaps coincidentally, historic districting soared. Between May 1989 and December 1993, 509 extra acres were added—a pace of over 100 acres per year. Tribeca, Ladies' Mile, and the Upper West Side—a vast collection of extremely heterogeneous buildings, many of them with little architectural distinction—were just a few of the major districts brought under the commission's control. The bulk of this districting occurred during the mayoralty of David Dinkins. Again, that may be the result of happenstance, or of Dinkins's appointments to the commission, or of their sense that their decisions wouldn't be overruled.

But it's worth noting that the districting explosion stopped as soon as Rudy Giuliani became mayor. Since 1993, the pace of historic districting in southern Manhattan has averaged about seven acres per year. Only one-tenth of the 1,200 acres that are now part of historic districts in southern Manhattan have been added since 1993. The Giuliani and Bloomberg administrations, including their commission chairs—Jennifer Raab, Sheridan Hawkins, and Robert Tierney—have shown far more restraint in increasing their sway over Manhattan than most of their predecessors did.

Nevertheless, the damage has been done. Not counting parks, southern Manhattan contains about 7,700 acres of potentially buildable area. Today, nearly 16 percent of that land is in historic districts and therefore subject to the commission's authority. This preservation is freezing large tracts of land, rendering them unable to accommodate the thousands of people who would like to live in Manhattan but can't afford to.

To get an idea of the way that historic districts can freeze a city, consider two recent episodes. In 1999, Citibank sold a one-story branch bank on the corner of 91st and Madison Avenue to a developer who planned a 17-story tower for the site. But the corner was within the prestigious Carnegie Hill Historic District, whose distinguished residents didn't like the idea of another tower in their neighborhood. Woody Allen made a short video protesting the plan. Kevin Kline recited *Richard II*: "How sour sweet music is, / When time is broke and no proportion kept!" No New Yorker who grew up hearing Kline play Henry V in Central Park can fault the commission for being swayed by his eloquence. It told the developer to limit the building to nine stories—even though one of the few limits to the commission's power, explicitly stated in

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the New York City Administrative Code, is that "nothing contained in this chapter shall be construed as authorizing the commission, in acting with respect to any historic district or improvement therein, . . . to regulate or limit the height and bulk of buildings."

A few years later, the developer Aby Rosen wanted to erect a 22-story glass tower atop the old Sotheby Parke-Bernet building at 980 Madison Avenue, in the heart of the massive Upper East Side Historic District. Even though the building itself wasn't landmarked, Rosen and his architect, Lord Norman Foster, proposed keeping the original building's facade intact and letting the tower rise above it, much as the MetLife building rises above Grand Central Terminal. Once again, well-connected neighbors didn't like the idea and took their complaints to the Landmarks Preservation Commission. Tom Wolfe, the brilliant chronicler of the foibles of New York and the real-estate industry, penned a 1,500-word piece in the *New York Times* insinuating that if the commission approved the project, it would betray its mission. Wolfe won, and nothing was built.

Replying to his critics (of whom I was one), Wolfe wrote in the *Village Voice* that "to take their theory to its logical conclusion would be to develop Central Park. . . . When you consider the thousands and thousands of people who could be housed in Central Park if they would only allow them to build it up, boy, the problem is on the way to being solved!" But building high-rises in dense neighborhoods means that you *don't* have to build in green areas, whether they're urban parks or undeveloped areas far from the city. In fact, a true preservationist should realize that building up in one area reduces the pressure to take down other buildings. Once the landmarks commission decides that a building can be knocked down—as was the case in the Battle of Carnegie Hill—it should logically demand that its replacement be as tall as possible.

A true preservationist should realize that building up in one area reduces pressure to take down other buildings.

oes turning a neighborhood into a historic district actually discourage new construction, as these stories suggest? To find out, I couldn't simply use data from the U.S. Census to see if regular districts boasted more housing growth than historic districts did, because historic districts don't match up exactly with census tracts. So I have made comparisons among three kinds of census tracts: those that have no territory within a historic district; those that have some; and those with a majority of land in a historic district.

During the 1980s, the mostly historic tracts added an average of 48 housing units apiece—noticeably fewer than the 280 units added in the partly historic tracts and the 258 units added in the nonhistoric tracts. In the 1990s, the mostly historic tracts *lost* an average of 94 housing units (thanks to unit consolidation or conversion to other uses), while the partly historic tracts lost an average of 46 units and the nonhistoric tracts added an average of 89 units. In short, census data show that there has indeed been less new housing built in historic districts, even though they are some of the most attractive areas in New York.

A different approach to measuring new construction is to use consumer websites to look at high-rise buildings, which make the biggest contributions to the city's housing stock. According to Emporis.com, just five residential buildings with more than 15 stories have been erected in historic districts in southern Manhattan since 1970; that's an average of 0.004 buildings per acre, less than half the rate in nonhistoric southern Manhattan. Nybits.com, another website, lists 234 over-15-story residential buildings built in southern Manhattan since 1981. Of these, just 6 percent were built in historic districts, even though historic districts cover 16 percent of southern Manhattan. Neither website includes every new building erected in the city, but there's no reason to suspect that they are disproportionately missing new buildings in historic districts. Again, we see that

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less new housing is built in historic districts—which shouldn't be much of a surprise.

The laws of supply and demand aren't usually subject to legislative appeal: when the supply of something desirable is restricted, its price will typically rise. To find out whether prices have risen more quickly in historic districts than elsewhere, I have used data on more than 17,000 Manhattan condominium sales by the First American Corporation. The data cover the years between 1980 and 2002, avoiding the extreme price increases that occurred during the last eight years, and they include the addresses of the condos, making it possible to link them to historic districts.

From 1980 through 1991, the average price of a midsize condominium (between 800 and 1,200 square feet) sold in a historic district was $494,043 in today's dollars. From 1991 through 2002, that price was $582,671—an 18 percent increase. The average price of a midsize condo *outside* a historic district, meanwhile, barely rose in real dollars, from $581,865 in the first decade to just $583,352 in the second. In other words, even though condos within historic districts were cheaper than those outside historic districts in the 1980s, they had become equally expensive by the 1990s. Over the entire 1980–2002 period, prices each year rose $6,000 more in historic districts than outside them.

The results tend to get stronger if you look at price per square foot, use statistical techniques to control for unit size, or expand the sample. For example, if you include units between 500 and 1,500 square feet, you'll find that price per square foot increased by only about $5.50 outside historic districts from the first decade to the second (again, in real dollars)—but that within historic districts, the price per square foot rose from $530 to $596. The increasing cost of property in historic districts remains even if you control for those districts' amenities, like proximity to Central Park, and if you allow that proximity to become more valuable over time.

Restricting new construction in historic districts drives up the price of housing, then. This, in turn, increasingly makes those districts exclusive enclaves of the well-to-do, educated, and white. Census data about southern Manhattan show that in 2000, average household income in census tracts that were primarily in historic districts was $183,000 (in current dollars), which was 74 percent more than that of households in tracts outside historic districts. Almost three-quarters of the adults in the mostly historic tracts had college degrees, as opposed to 54 percent in tracts outside historic districts. And people in the majority-historic tracts were 20 percent more likely to be white.

This alone isn't surprising: architectural beauty is a luxury good, so one would expect that the prosperous would be willing to pay more to enjoy it. What's disturbing is that historic-district status itself seems to make areas more exclusive over time, as limits on new development make it more difficult to build for people with lower incomes. In 1970, families in tracts that would eventually be located at least partly within historic districts had incomes 29 percent higher than families living outside such districts. By 2000, that gap had widened to 54 percent. Similarly, in 1970, people living in areas that would become historic districts were 4 percent more likely to be white than those outside these areas, as opposed to 15 percent 30 years later. Tracts in historic districts have also seen their share of residents with college degrees increase significantly faster than that of tracts outside historic districts.

In *The Death and Life of Great American Cities*, Jane Jacobs argued that "cities need old buildings" because "if a city area has only new buildings, the enterprises that can exist there are automatically limited to those that can support the high costs of new construction." Jacobs was surely correct that cities benefit from having some less expensive real estate—but restricting the construction of new buildings doesn't achieve that end. Prices stay low not when the building stock is frozen but when it increases to meet demand. Preservation doesn't make New York accessible to a wider range of people; it turns the city into a preserve of the prosperous.

As if it weren't enough that large historic districts are associated with a reduction in

COURTESY OF NYC LANDMARKS PRESERVATION COMMISSION

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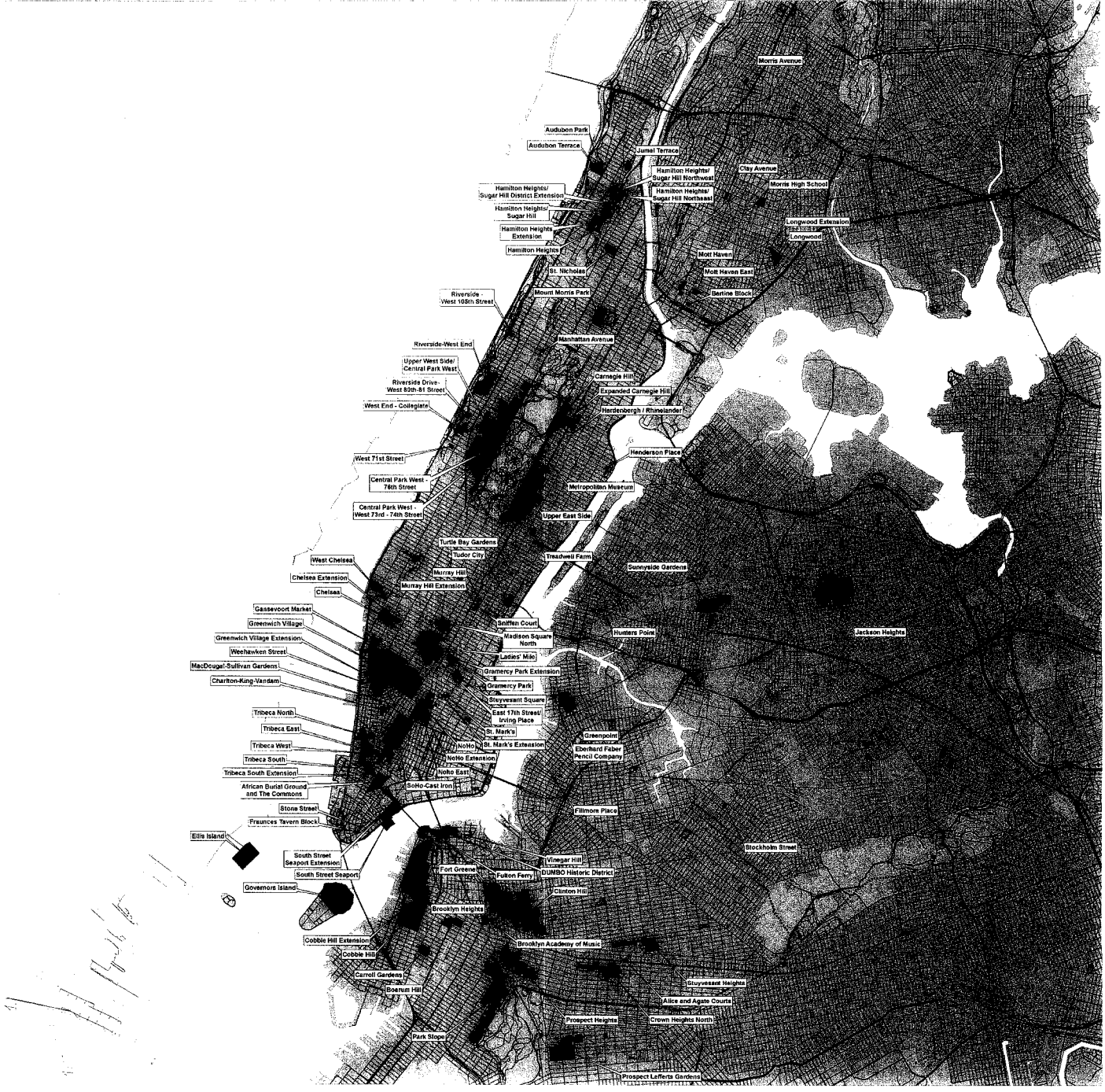

Huge swaths of Manhattan (shaded above), designated historic districts, are all but off limits to development.

housing supply, higher prices, and increasingly elite residents, there's also an aesthetic reason to be skeptical about them: they protect an abundance of uninteresting buildings that are less attractive and exciting than new structures that could replace them. Not every city, it's worth adding, has restricted construction in its most valuable areas. Chicago has allowed an enormous number of high-rise buildings with splendid views of Lake Michigan. The result is a city with a great deal of affordable luxury housing.

It's hard to fault the Landmarks Preservation Commission for stopping development in historic districts. That's its job: to "safeguard the city's historic, aesthetic and cultural heritage," as the city's administrative code puts it. The real question is whether these vast districts should ever have been created and whether they should remain protected ground in the years ahead. No living city's future should become a prisoner to its past.

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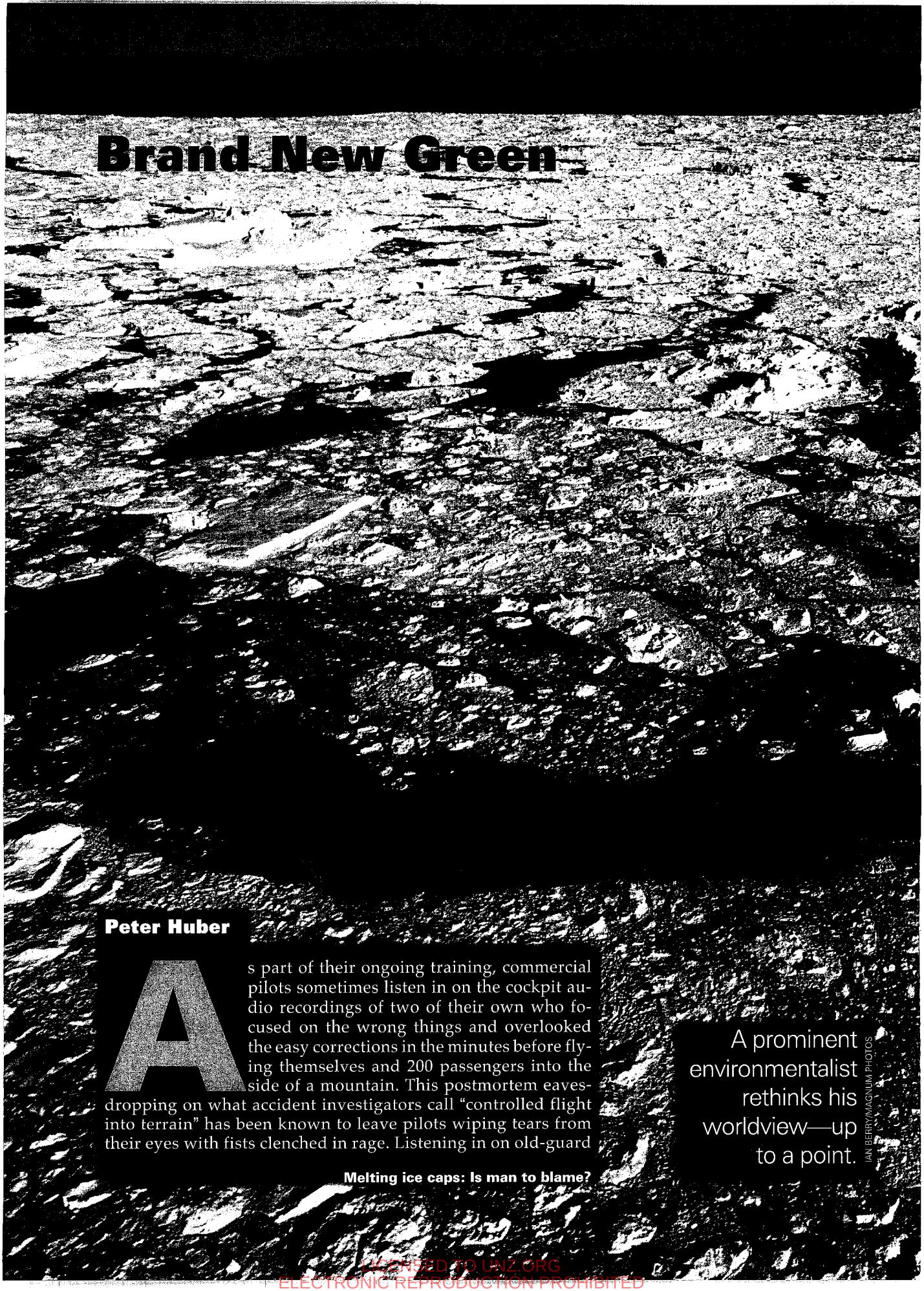
Brand New Green



Peter Huber

As part of their ongoing training, commercial pilots sometimes listen in on the cockpit audio recordings of two of their own who focused on the wrong things and overlooked the easy corrections in the minutes before flying themselves and 200 passengers into the side of a mountain. This postmortem eavesdropping on what accident investigators call "controlled flight into terrain" has been known to leave pilots wiping tears from their eyes with fists clenched in rage. Listening in on old-guard

A prominent environmentalist rethinks his worldview—up to a point.

IAN BERRY/MAGNUM PHOTOS

Melting ice caps: Is man to blame?

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Greens as they explain why they now love nuclear power may prompt similar reactions from lowercase greens—those of us who love the pristine wild, believed all along that nukes would help preserve it, and despised the nonsense that environmentalists have enshrined as America's new pagan religion. Those who listen in for more than ten minutes will also be left wondering how long the Greens' new faith in nukes will last.

Consider Stewart Brand's meaty, well-informed, and mostly sensible new book, *Whole Earth Discipline: An Ecopragmatist Manifesto*. The man who used to be so California Hip that in 1968 he made a cameo appearance in Tom Wolfe's *The Electric Kool-Aid Acid Test* now presents himself as a "hacker (lazy engineer) at heart," ready to promote realistic responses to the great eco-existential crisis of our time—climate change. How can Greens fulfill their new mission, which is to save not only birds and trees but all humanity? The man who founded and then edited the *Whole Earth Catalog* for 16 years—a magazine guided by "biological understanding" and enamored with the planet-saving power of organic farming, solar, wind, insulation, bicycles, and handmade houses—now concludes: "Cities are Green. Nuclear energy is Green. Genetic engineering is Green."

As a onetime engineer who spent a sliver of his professional life working on and inside commercial nuclear reactors, I have found solace in traveling the same road as Brand but in the opposite direction, away from eco-techno-pragmatism and toward the politico kind. Eight years ago, when asked to opine on the Bush administration's proposed nuclear revival, I found I had grown too cynical about nuclear politics to pop open the champagne. The best I could do was suggest that the future of nuclear power hinged on who spoke for the Greens—the old, reflexively antinuclear ideologues, or a more rational new center. Brand's book, sad to say, convinces me I was wrong. It makes the case for environmental policies practical and levelheaded enough for any conservative green to embrace. And simultaneously gives us every reason to fear that nobody will ever speak for the Greens. There's no there there solid enough to speak for.

"The question I ask myself now," Brand tells us when he gets to nuclear power, is: "What took me so long? I could have looked into the realities of nuclear power many years earlier, if I weren't so lazy." When he got over his nuclear sloth, here's what Brand learned. (Most of the words quoted here are Brand's own, but some are Brand quoting others approvingly.) "Fear of radiation is a far more important health threat than radiation itself." "Reactor safety is a problem already solved," and the new reactors are even safer than the old. Waste isn't a problem; we need the $10 billion Yucca mountain disposal site "about as much as we need a facility for imprisoning dangerous extraterrestrials." Nuclear power isn't just the cheapest practical carbon-free option around, but the cheapest, period, when not snarled up in green tape. Scientists "invariably poll high in support of nuclear." The people so pragmatic that they actually keep the lights lit, he might have added, have polled that way for 40 years, on the strength of reams of data and analyses, as well as the operating experience of our nuclear navy and a wide range of commercial reactors scattered across the planet.

Other Greens, Brand reports, have experienced similar nuclear epiphanies as age moved them closer to a place hotter than tropical. Among them is Gwyneth Cravens, a novelist, former *New Yorker* editor, and activist who in her salad days "helped frighten the American nuclear industry to a standstill" by successfully crusading to kill a brand-new nuclear power plant in Shoreham, Long Island. And James Hansen, a NASA climatologist and the most outspoken American advocate of drastic reductions in carbon emissions. And founders and former high officials of Greenpeace, Friends of the Earth, and "a surprising number of [other] prominent environmentalists." Canada, Finland, Germany, Sweden, Belgium, Italy, England, and other countries that not long ago either froze new construction or resolved to shut down their nukes have flipped from red-hot aversion to tepid embrace.

But tepid may not suffice. "One of the greatest dangers the world faces is the possibility that a vocal minority of antinuclear activists could prevent phase-out of coal emissions," Brand writes, quoting Hansen. It's an indubitable historical fact that the developed world was poised to

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break free from a carbon-centered energy economy 30 years ago. Greens locked us back into it. By demonizing nukes so effectively, they boosted U.S. coal consumption by about 400 million tons per year. We would instantly cut our coal consumption in half if we could simply conjure back into existence the 100-plus nuclear plants that were in the pipeline three decades ago. If global warming is a problem, Brand and his ex-friends own it.

Brand admits it. He's equally candid about what finally energized his own thinking about energy. His book begins with a summary of the "worst case" scenarios advanced by two climate alarmists: a "mass extinction" caused by a "decade-long release of hundreds of gigatons of methane" currently locked in the oceans, and an earth about 9 degrees Celsius hotter by the year 2025, or 2040 at the latest. The latter, less-worst worst will leave us with a planet able to grow only enough food to support 5 billion fewer people than it does today.

Mass starvation is a future that Brand has seen before. He studied with Paul Ehrlich and then defended Ehrlich's spectacularly wrong 1968 prediction of the "population bomb" that would trigger global famine in the 1970s, or 1980s at the latest. Right on schedule, new crops created by selective breeding delivered caloric plenty. In his Ehrlich days, Brand also scoffed at the view that as the poor grew less poor, they would have fewer children. And small was beautiful, villages especially, so Brand "pushed communes as a path to the future." Today, Brand believes cities are green because they increase wealth, liberate women, and thus lead to "fewer, higher-quality children." In describing how we can also "Green the hell out of the growing cities," Brand foresees farms moved into ultra-efficient—and, one must suppose, climate-controlled—skyscraping greenhouses.

Brand likes genetically engineered crops for similar reasons—they reduce the environmental impact of deforestation and agriculture by producing more food on less land. Greens who shun engineered crops are "as conspicuously irrational as those who espouse 'intelligent design' or ban stem-cell research, and we teach that irrationality to the public and decision makers." Though Brand says that he and Ehrlich defended the technology from the outset, *Whole Earth* "did indeed promote the intensely organic publications" of the day, "organic" was and remains the antithesis of "bio-engineered," and Brand's followers did much to obstruct genetically engineered crops, especially in Europe. "I daresay the environmental movement has done more harm with its opposition to genetic engineering than with any other thing we've been wrong about. We've starved people,

TED STRESHINSKY/TIME LIFE PICTURES/GETTY IMAGES

Stewart Brand in the sixties, before he became an "ecopragmatist"

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hindered science, hurt the natural environment, and denied our own practitioners a crucial tool."

It's here, about halfway through his book, that Brand finally begins addressing what Greens have dignified with a grand title: the Precautionary Principle. That sliver of vacuous pedantry, Brand acknowledges, has become "deliberately one-sided, a rejection of what is called risk balancing," a single-minded determination "to prevent all the harm we can." Or imagined harm. As the precautious mind-set calcified, "evidence of harm disappeared as a precautionary principle trigger, and science was explicitly devalued." The Old Greens followed the science only when its predictions fit with a narrative of "decay," "decline," and "disaster." This was a "formula for paralysis." The New Brand supports the "freedom to try things," subject to "ceaseless, fine-grained monitoring."

It all comes down to how people think. Adopting Isaiah Berlin's familiar taxonomy, Brand explains that Old Greens are intellectual "hedgehogs"—they start with a grand theory and then shore it up with mounds of factoids dredged up to reinforce what they already believe. "Foxes, on the other hand, are skeptical about grand theories, diffident in their forecasts, and ready to adjust their ideas based on actual events. Hedgehogs don't notice or care when they're wrong. Foxes learn. Hedgehogs are great proponents, but foxes are invariably better forecasters and policy makers."

Which makes it that much odder that when the subject is climate change, Brand puts on a classic display of hedgehoggy thought and uncritical faith in speculative predictions. The planet, Brand reasons, has previously experienced quite abrupt changes in climate: 55 million years ago, 12,800 years ago, 8,200 years ago. Sometimes the earth got hotter, sometimes colder. What caused these shifts? Maybe a huge methane burp from the oceans or the Arctic tundra, or the loss of reflective ice leading to increased absorption of solar heat at the poles, or northward movement of the dark conifer forests that absorb solar heat. The one thing we now know for sure is that the earth's climate is "a precariously balanced nonlinear system . . . that lurches between very different states of coldness, dryness, wetness, and warmth."

And that's why humanity must address the carbon crisis immediately. The scientific logic is so familiar and settled that Brand doesn't bother recapping it. So I will. There's very little scientific doubt that the atmospheric concentration of carbon dioxide (CO_2) has risen 25 percent or so in the past 250 years and that the CO_2 molecule absorbs radiant heat of a certain wavelength. It is apparently on the strength of these two facts that Al Gore characterizes global warming as a "law of physics" and that Brand—by mid-book—is treating man-made climate change as settled "science."

But these are both gross mischaracterizations. Of course scientific laws govern down at the very bottom—but if global warming is a "law of physics," then a law of physics also explains why your Buick didn't start this morning and why some precariously balanced, nonlinear ganglion in your brain then impelled you to smash the hood with a sledgehammer. The analysis of climate hinges on the messy methods of engineering, not on the pristinely reductionist laws of science.

Brand says as much in the early pages of his book. The earth's climate is controlled by exceedingly complex interactions of burps, reflectivity, and such. A small, dead-battery burp sometimes becomes a big smashed hood. Other times, the burp just floats away, and the hood is saved. Sometimes a small positive burp triggers a just-the-right-size negative, as when your howl of rage impels your levelheaded spouse to rush out and supply the hug you so obviously need. Brand himself helped develop a 1987 analysis linking the sudden cooling that occurred 8,200 years ago to an abrupt change in the Gulf Stream, which (Brand believes) was caused by a sudden flow of freshwater into the North Atlantic—which was caused by global warming. That story reminds Brand of yet another instance of up triggering down. "The world's land areas are absorbing more carbon dioxide than they're releasing lately," he writes. "Until the 'mysterious sink' for carbon is figured out, our climate models will remain frustratingly vague and unpredictive."

So, to sum it all up, the only thing that really matters is crystal clear. "For hundreds of millions of years, a 'crazily jumping climate' has been the

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norm on Earth." "These days, apparently, we are returning to that jumpy norm, thanks to abruptness mechanisms like positive feedback, trigger events, and threshold effects, none of which are well incorporated into the climate models yet." Pellucid laws of physics notwithstanding, "climate models have thus far been unable to predict the past or present with the kind of accuracy we want." Indeed, "climate is so full of surprises, it might even surprise us with a hidden stability."

And then, with all this uncertainty duly acknowledged, Stewart Brand tells us exactly how certain Stewart Brand actually is. "Counting on that [hidden stability] . . . would be like playing Russian roulette with all the chambers loaded but one." Five-bullet roulette ends badly 83 percent of the time. Two pages later, Brand respectfully quotes James Lovelock, who seems to have reached 100 percent: "The Earth system is now in positive feedback and is moving ineluctably toward . . . one of the past hot climates." Which forces us to conclude that Brand—like all climate-propelled Greens—remains an incorrigible, precautious hedgehog.

Intellectually honest people, Brand declares later, admit their mistakes. He then lists a bunch of the Old Brand's errors: wrong on villages being greener than cities, wrong on cocaine being harmless, wrong on nuclear power being bad, and wrong on how the 1973 oil crisis would "lead to police in the streets of the United States."

Also "totally wrong" about one much-publicized frailty of computers. Brand's error here, he confesses, "was based on a neat little story I told myself. My own PC was pathetically vulnerable to bugs in the software. . . . Surely, I presumed, the huge old mainframes of the world and their ancient software would be even more vulnerable to a bug as deeply embedded as I thought Y2K must be. The world was facing the blue screen of death!" Listening to Brand's Y2K "rant" at a 1998 dinner, one of Amazon.com's senior engineers sweetly inquired: "Do you also believe in fairies?" Surely not. Brand just turned a single, seemingly clear "law of physics"—computers were jumpy—into a grand prediction: blue-screen meltdown for the whole digital planet.

Precautious Greens reason that way all the time. Take a letter published in what Brand calls "England's Green paranoia magazine," *The Ecologist*. Organisms genetically modified to liquefy cellulose, the basic structural material of plants, will escape, adapt, proliferate, and "become a green plague, causing a meltdown of the vegetable kingdom," the letter warned. As for nukes, even though the New Brand suggests (with atypical lack of candor) that the Old Green opposition hinged on "one particularly deep aversion"—the problem of waste disposal—the risk of catastrophic meltdown was the principal Green concern when the antinukes were doing their worst 30 years ago. Back then, most Greens—among them John P. Holdren, a zealous antinuke who now serves as President Obama's science advisor—focused on the "zero-infinity dilemma," the tiny risk of a huge consequence, the puddle of molten uranium tunneling its way from Oshkosh to Shanghai, the "China syndrome" starring Jane Fonda in the movie.

The problem with all such concerns is that they have nothing to do with either science or engineering. Neither discipline deals in zeroes or infinities, because it's always possible that the seemingly impossible is still lurking somewhere out there, just over the horizon. As the great irascible physicist Wolfgang Pauli once remarked about a report he had been asked to review: "That paper isn't even good enough to be wrong." The only answer that good scientists or engineers can give to meltdown futurists is the rhetorical one given to Brand by Amazon's fairy denier. Or else an answer much like Brand's own curt dismissal of the vegetable-meltdown paranoiacs: James Watson, the Nobel Prize–winning discoverer of DNA, thinks they're silly. "If green goo could thrive in the world," Brand adds, "microbes would have invented it long ago. If we try to create green goo, microbes will defeat it." So much for precarious-chemistry-meets-zucchini: flushed away with a one-sentence quotation from a Nobelist and a one-sentence echo from a biologist named Brand.

Brand has been equally quick to explain away concerns about jumpy green computers. He mentions climate scientist Stephen Schneider's 1971 prediction of global cooling, "based on the

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previous three decades of cold weather and his model of how the increase of dust and particles in the air (called aerosols) from human activity might trigger an eventual ice age." In 1974, however, "with better data and a better model," Schneider concluded that his 1971 model had "overestimated aerosol effects and underestimated carbon dioxide effects" and flipped to "extreme concern about global warming." In response to those who say that the models themselves are too jumpy to qualify as science, Brand quotes Keynes: "When the facts change, I change my mind. What do you do, sir?"

But of course the aerosol facts didn't change between 1971 and 1974; what changed was Schneider's attempt to model their effects in his computer. Aerosols are tiny things that can flip climate-computer futures from ice to fire. Another certain fact—a fact that climate modelers hate to dwell on and that climate alarmists hate to concede—is that CO_2 is a very weak greenhouse gas. None of the computer models predicts that CO_2 alone can deliver much warming for a long time to come. What the models predict instead is that a small amount of CO_2-induced warming will lead to a slight increase in the amount of water vapor in the air, which will then cause much sharper warming because water is a much more powerful greenhouse gas. But more water in the air means more clouds—water aerosols—which, depending on their shape and altitude, may either warm things further (by reflecting more outbound heat back to earth) or cool things down (by reflecting more inbound heat back into outer space).

To get things right, the computer must also correctly model the heat-reflecting capabilities of all the other aerosols, ice, tundra, and forests, and the carbon-sinking capabilities of all the life, soil, land, and water on the planet. And correctly model how every predicted change in climate might subtly change all those factors. Any mistake made in what's predicted for 2020 will amplify the error in what's predicted for 2030, and so on. Predictive models of all but very simple, stable systems amplify their own mistakes. Assume a jumpy world, concoct a jumpy computer model, predict an even jumpier world.

These problems bring us, in Brand's final chapter, to the apotheosis of precautious paralysis. "The whirlwind is coming anyway," Brand declares with gloomy, six-bullet certainty that now encompasses not just the science but also the global politics of carbon controls. "Currently imaginable efforts to reduce greenhouse gas emissions do not level off" at a point anywhere below "lethal." When humanity finally comes to recognize this, it will launch a "frantic search for alternative paths." Among the possibilities are injecting millions of tons of aerosols—sulfates or water vapor (clouds)—into the atmosphere, fertilizing or stirring up the oceans to breed plankton that will suck carbon out of the air, converting agricultural waste into stable charcoal, sucking carbon dioxide out of the air by chemical means, and launching enormous clouds of tiny mirrors into outer space to act as "sunglasses for the sun." Brand sees real promise in some of these proposals—all of which, of course, involve tinkering with the things that the climate computers attempt to model. But he acknowledges that most Greens view all such schemes as lunatic. "How," they ask, "can you engineer a system whose behavior you don't understand?"

Good engineers demonstrate the strength of their understanding by building and operating practical things. Edward Teller, for example, helped build a precarious device that went devastatingly unstable exactly as planned on August 6, 1945. Invited to address the annual meeting of the American Chemical Society in 1957, Teller suggested—on the strength of the basic physics alone—that the continued burning of carbon-based fuels might eventually melt the polar ice caps, raise sea levels, and submerge coastal cities. But rather than dwell on probabilities or timetables, he just pointed to the obvious antidote: commercial nuclear power.

Or take Freeman Dyson, another brilliant scientist and onetime deputy director of the Los Alamos National Laboratory. He too accepts the basic physics of CO_2-induced warming, but not what the physics confesses to when tortured by computer. "The models solve the equations of fluid dynamics and do a very good job of describing the fluid motions of the atmosphere and the

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oceans," Dyson states. "They do a very poor job of describing the clouds, the dust, the chemistry and the biology of fields, farms and forests. They do not begin to describe the real world that we live in." Brand apparently thinks highly of Dyson—he quotes him eight times in his book. But never on the subject of climate models.

Dyson learned about junk modeling the hard way, in an early attempt to model subatomic behavior. Enrico Fermi—yet another Nobel-caliber physicist—quickly dismissed the young Dyson's model as worthless. "In desperation," Dyson recounts, "I asked Fermi whether he was not impressed by the agreement between our calculated numbers and his measured numbers. He replied, 'How many arbitrary parameters did you use for your calculations?' I thought for a moment about our cut-off procedures and said, 'Four.' He said, 'I remember my friend Johnny von Neumann used to say, with four parameters I can fit an elephant, and with five I can make him wiggle his trunk.' With that, the conversation was over." Von Neumann was possibly the most brilliant mathematician of the twentieth century. And the early Dyson's computer model is now long forgotten.

Today's climate models consist of millions of lines of computer code, each one with as much potential power to make things jump as a flawed date register. The models strive to calculate the aggregate effect of all the elephants, butterflies, trees, microbes, ice sheets, clouds, aerosols, and burpy oceans. Every effect added to the models offers a new opportunity to wiggle its predictions, because there's always wiggle room in the data we have about each effect. As Dyson says, the models "are full of fudge factors that are fitted to the existing climate, so the models more or less agree with the observed data. But there is no reason to believe that the same fudge factors would give the right behavior in a world with different chemistry, for example in a world with increased CO_2 in the atmosphere." Only a true hedgehog—someone looking to confirm the one big fact he already knows to be true—can believe them.

Foxes, by contrast, know that everything in the universe will jump when whacked hard enough—that one is definitely a law of physics—but that many systems are highly stable and quickly settle back down when only nudged. Foxes also know that the planet-scale whacks we do understand have changed the earth's climate quite a bit for a while but have consistently failed to whack it out of the park. A 47-degree annual variation in the earth's tilt relative to the sun produces the sharp regional temperature variations called seasons. The earth's 2-degree wobble on its own axis triggers major shifts in ocean currents that cause comparable swings in global temperature every two, four, and ten thousand years. Dust from Krakatoa-scale volcanic eruptions cancels a summer or two now and again, and Krakatoa was just a hiccup compared with the meteor whacks that our planet has experienced at random intervals throughout its history. To my lapsed-engineer eyes, at least, the surprising thing about the earth's climate is how remarkably stable and resilient it seems to be.

The surprising thing about the earth's climate is how remarkably stable and resilient it seems to be.

ne of the keys to understanding the twentieth century," wrote the historian Paul Johnson in 1980, "is to identify the beneficiaries of the decline in formal religion. The religious impulse—with all the excesses of zealotry and intolerance it can produce—remains powerful, but expresses itself in secular substitutes."

Over to Brand: "We are as gods and might as well get good at it," he declared in the opening line of the first *Whole Earth Catalog* in 1968. The epigraph to his new book replaces "might as well" with "HAVE to."

Back to Johnson: the perils of technology and a "quasi-mystical vision of total purity" have emerged to provide "an unrivaled emotional outlet for educated, middle-class opinion. . . .

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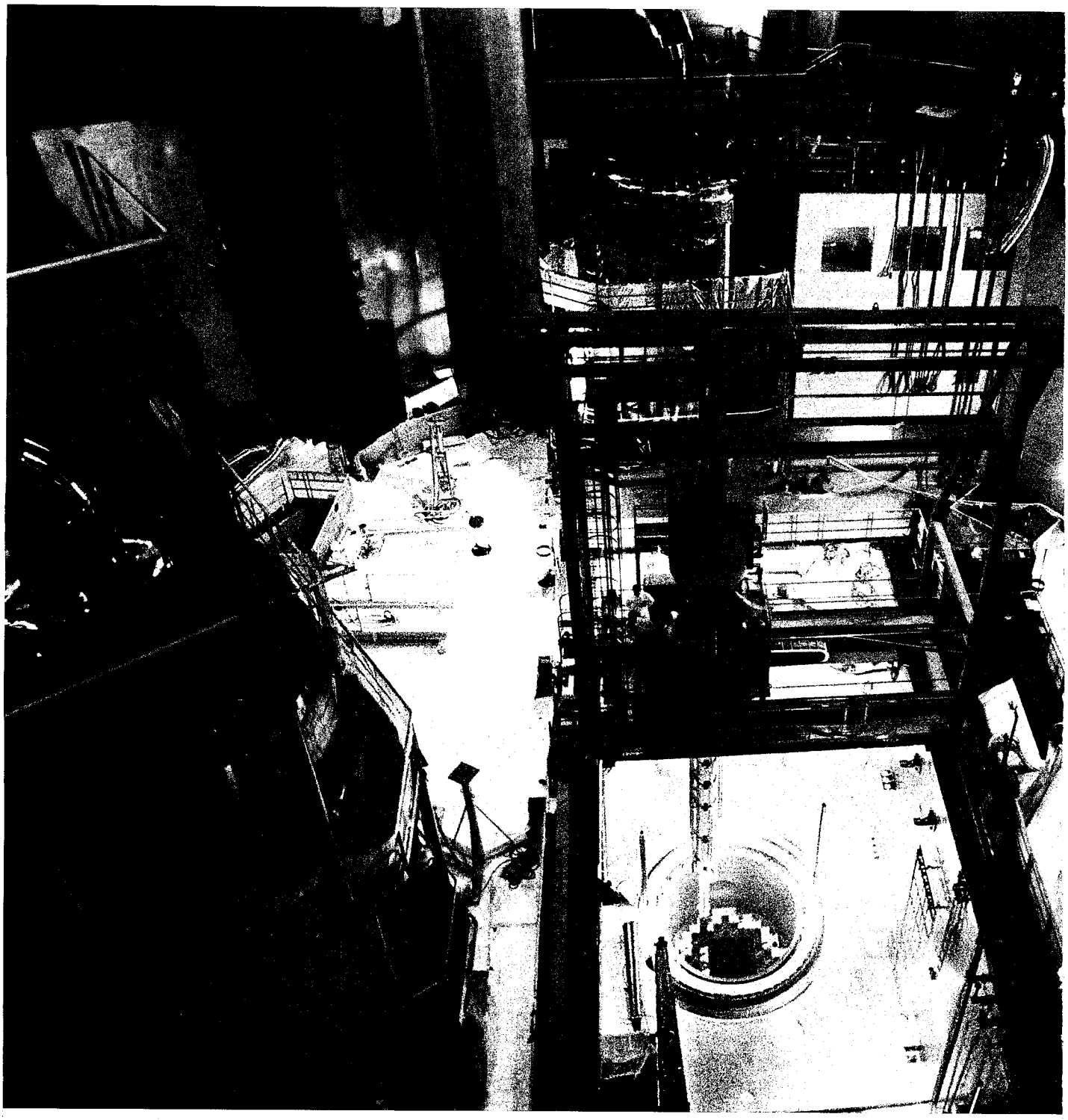

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JEAN GAUMY/MAGNUM PHOTOS

Nuclear power is the new Sin against the Holy Ghost—radiating evil, as it were, over the whole planet and, like Original Sin, even infecting future generations."

And back to Brand: "Sectarian groups such as some environmental organizations separate themselves from the world with infinite demands." For them, "there can never be sufficient holiness or safety." He's referring to the organizations he hasn't joined, the ones that shun bioengineered crops. For Brand himself, carbon now eclipses all other evil in the radiating-over-the-whole-planet line of work. And that alone, I suspect, is what has turned Brand's old enemies, uranium and un-organic crops, into his new friends.

Like the tail on von Neumann's elephant, Greens can wiggle out of—or into—anything. The only constant in their faith is that extremely bad things lie ahead and that only the green virtue du jour can save us. For passionate Greens, it will always be Russian roulette, imminent meltdown, zero-infinity, ineluctable, apocalypse now. Greens, the New as much as the Old, need a jumpy, unpredictable universe. All their precautious authority and influence depend on it.

Brand is a brilliant man with a precariously jumpy mind. Halfway through his book, tucked where it won't distract any but the most careful reader, we read: "I have learned to suspect my excesses of optimism and pessimism. Apparently I often think that societies catch on faster than they do, and that large complex systems are more brittle than they are. Bear in mind that I might be that way about climate change. And many of my faulty opinions turn out to be based on ignorance; dismissing nuclear was one of them."

Better late than never, I suppose. But still. "They were careless people, Tom and Daisy—they smashed up things and creatures and then retreated back into their money or their vast carelessness, or whatever it was that kept them together, and let other people clean up the mess they had made."

"What took me so long?" Brand says, explaining his recent conversion. "I could have looked into the realities of nuclear power many years earlier, if I weren't so lazy."

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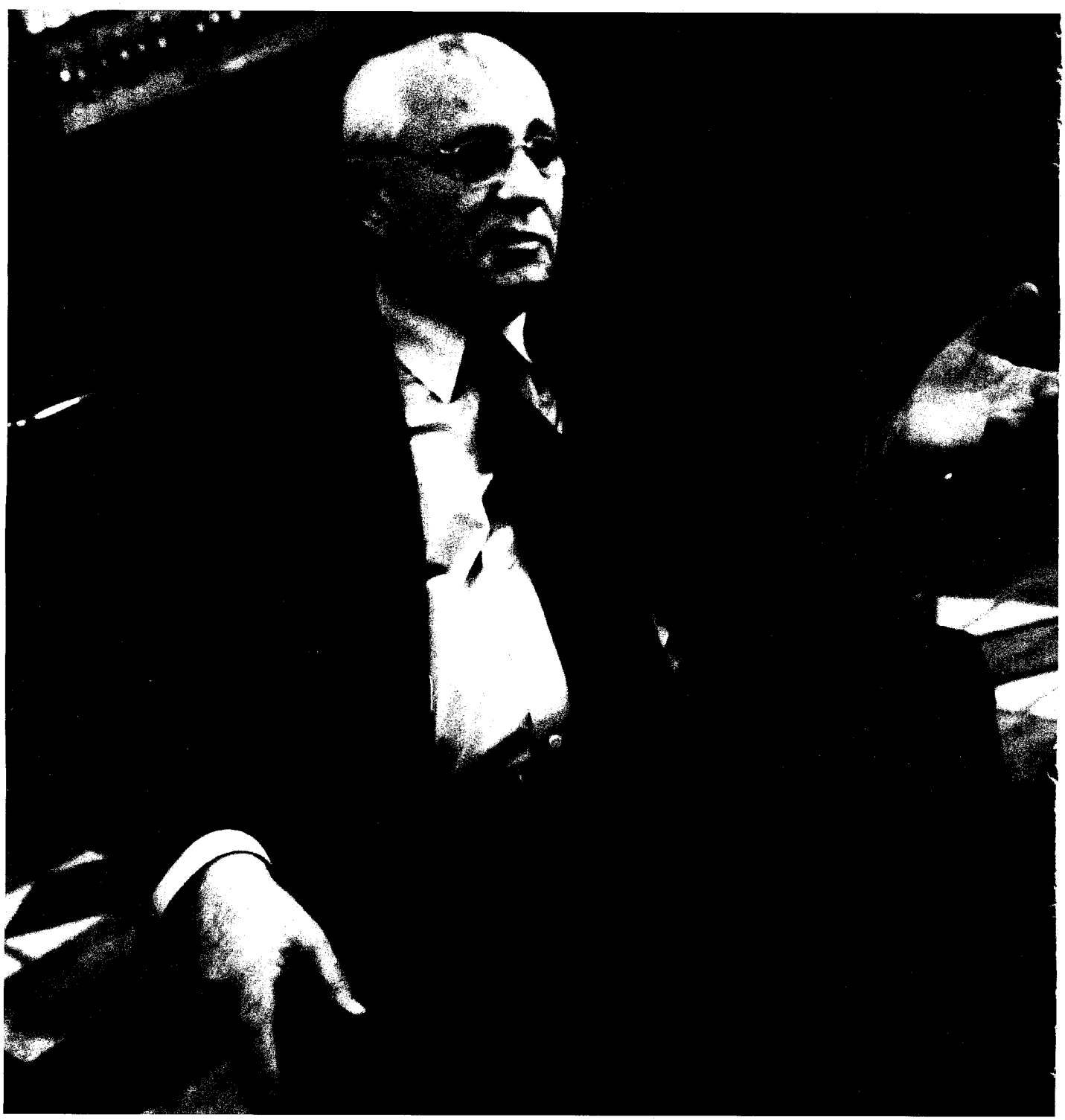
A Hidden History of Evil



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MARC RIBOUD/MAGNUM PHOTOS

Why doesn't anyone care about the unread Soviet archives?

Claire Berlinski

In the world's collective consciousness, the word "Nazi" is synonymous with evil. It is widely understood that the Nazis' ideology—nationalism, anti-Semitism, the autarkic ethnic state, the Führer principle—led directly to the furnaces of Auschwitz. It is not nearly as well understood that Communism led just as inexorably, everywhere on the globe where it was applied, to starvation, torture, and slave-labor camps. Nor is it widely acknowledged that Communism was responsible for the deaths of some 150 million human beings during the twentieth century. The world remains inexplicably indifferent and uncurious about the deadliest ideology in history.

For evidence of this indifference, consider the unread Soviet archives. Pavel Stroilov, a Russian exile in London, has on his computer 50,000 unpublished, untranslated, top-secret Kremlin documents, mostly dating from the close of the Cold War. He stole them in 2003 and fled

Though Mikhail Gorbachev is lionized in the West, the untranslated archives suggest a much darker figure.

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Russia. Within living memory, they would have been worth millions to the CIA; they surely tell a story about Communism and its collapse that the world needs to know. Yet he can't get anyone to house them in a reputable library, publish them, or fund their translation. In fact, he can't get anyone to take much interest in them at all.

Then there's Soviet dissident Vladimir Bukovsky, who once spent 12 years in the USSR's prisons, labor camps, and *psikhushkas*—political psychiatric hospitals—after being convicted of copying anti-Soviet literature. He, too, possesses a massive collection of stolen and smuggled papers from the archives of the Central Committee of the Communist Party, which, as he writes, "contain the beginnings and the ends of all the tragedies of our bloodstained century." These documents are available online at bukovsky-archives.net, but most are not translated. They are unorganized; there are no summaries; there is no search or index function. "I offer them free of charge to the most influential newspapers and journals in the world, but nobody wants to print them," Bukovsky writes. "Editors shrug indifferently: So what? Who cares?"

The originals of most of Stroilov's documents remain in the Kremlin archives, where, like most of the Soviet Union's top-secret documents from the post-Stalin era, they remain classified. They include, Stroilov says, transcripts of nearly every conversation between Gorbachev and his foreign counterparts—hundreds of them, a near-complete diplomatic record of the era, available nowhere else. There are notes from the Politburo taken by Georgy Shakhnazarov, an aide of Gorbachev's, and by Politburo member Vadim Medvedev. There is the diary of Anatoly Chernyaev—Gorbachev's principal aide and deputy chief of the body formerly known as the Comintern—which dates from 1972 to the collapse of the regime. There are reports, dating from the 1960s, by Vadim Zagladin, deputy chief of the Central Committee's International Department until 1987 and then Gorbachev's advisor until 1991. Zagladin was both envoy and spy, charged with gathering secrets, spreading disinformation, and advancing Soviet influence.

When Gorbachev and his aides were ousted from the Kremlin, they took unauthorized copies of these documents with them. The documents were scanned and stored in the archives of the Gorbachev Foundation, one of the first independent think tanks in modern Russia, where a handful of friendly and vetted researchers were given limited access to them. Then, in 1999, the foundation opened a small part of the archive to independent researchers, including Stroilov. The key parts of the collection remained restricted; documents could be copied only with the written permission of the author, and Gorbachev refused to authorize any copies whatsoever. But there was a flaw in the foundation's security, Stroilov explained to me. When things went wrong with the computers, as often they did, he was able to watch the network administrator typing the password that gave access to the foundation's network. Slowly and secretly, Stroilov copied the archive and sent it to secure locations around the world.

When I first heard about Stroilov's documents, I wondered if they were forgeries. But in 2006, having assessed the documents with the cooperation of prominent Soviet dissidents and Cold War spies, British judges concluded that Stroilov was credible and granted his asylum request. The Gorbachev Foundation itself has since acknowledged the documents' authenticity.

Bukovsky's story is similar. In 1992, President Boris Yeltsin's government invited him to testify at the Constitutional Court of Russia in a case concerning the constitutionality of the Communist Party. The Russian State Archives granted Bukovsky access to its documents to prepare his testimony. Using a handheld scanner, he copied thousands of documents and smuggled them to the West.

The Russian state cannot sue Stroilov or Bukovsky for breach of copyright, since the material was created by the Communist Party and the Soviet Union, neither of which now exists. Had he remained in Russia, however, Stroilov believes that he could have been prosecuted for disclosure of state secrets or treason. The military historian Igor Sutyagin is now serving 15 years in a hard-labor camp for the crime of collecting newspaper clippings and other open-source

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materials and sending them to a British consulting firm. The danger that Stroilov and Bukovsky faced was real and grave; they both assumed, one imagines, that the world would take notice of what they had risked so much to acquire.

Stroilov claims that his documents "tell a completely new story about the end of the Cold War. The 'commonly accepted' version of history of that period consists of myths almost entirely. These documents are capable of ruining each of those myths." Is this so? I couldn't say. I don't read Russian. Of Stroilov's documents, I have seen only the few that have been translated into English. Certainly, they shouldn't be taken at face value; they were, after all, written by Communists. But the possibility that Stroilov is right should surely compel keen curiosity.

In one document, Gorbachev laughs with the Politburo about the USSR's downing of Korean Airlines flight 007 in 1983.

For instance, the documents cast Gorbachev in a far darker light than the one in which he is generally regarded. In one document, he laughs with the Politburo about the USSR's downing of Korean Airlines flight 007 in 1983—a crime that was not only monstrous but brought the world very near to nuclear Armageddon. These minutes from a Politburo meeting on October 4, 1989, are similarly disturbing:

> Lukyanov reports that the real number of casualties on Tiananmen Square was 3,000.
>
> Gorbachev: We must be realists. They, like us, have to defend themselves. Three thousands . . . So what?

And a transcript of Gorbachev's conversation with Hans-Jochen Vogel, the leader of West Germany's Social Democratic Party, shows Gorbachev defending Soviet troops' April 9, 1989, massacre of peaceful protesters in Tbilisi.

Stroilov's documents also contain transcripts of Gorbachev's discussions with many Middle Eastern leaders. These suggest interesting connections between Soviet policy and contemporary trends in Russian foreign policy. Here is a fragment from a conversation reported to have taken place with Syrian president Hafez al-Assad on April 28, 1990:

> H. ASSAD. To put pressure on Israel, Baghdad would need to get closer to Damascus, because Iraq has no common borders with Israel. . . .
>
> M. S. GORBACHEV. I think so, too. . . .
>
> H. ASSAD. Israel's approach is different, because the Judaic religion itself states: the land of Israel spreads from Nile to Euphrates and its return is a divine predestination.
>
> M. S. GORBACHEV. But this is racism, combined with Messianism!
>
> H. ASSAD. This is the most dangerous form of racism.

One doesn't need to be a fantasist to wonder whether these discussions might be relevant to our understanding of contemporary Russian policy in a region of some enduring strategic significance.

There are other ways in which the story that Stroilov's and Bukovsky's papers tell isn't over. They suggest, for example, that the architects of the European integration project, as well as many of today's senior leaders in the European Union, were far too close to the USSR for comfort. This raises important questions about the nature of contemporary Europe—questions that might be asked when Americans consider Europe as a model for social policy, or when they seek European diplomatic cooperation on key issues of national security.

According to Zagladin's reports, for example, Kenneth Coates, who from 1989 to 1998 was a British member of the European Parliament, approached Zagladin on January 9, 1990, to

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discuss what amounted to a gradual merger of the European Parliament and the Supreme Soviet. Coates, says Zagladin, explained that "creating an infrastructure of cooperation between the two parliament[s] would help . . . to isolate the rightists in the European Parliament (and in Europe), those who are interested in the USSR's collapse." Coates served as chair of the European Parliament's Subcommittee on Human Rights from 1992 to 1994. How did it come to pass that Europe was taking advice about human rights from a man who had apparently wished to "isolate" those interested in the USSR's collapse and sought to extend Soviet influence in Europe?

Or consider a report on Francisco Fernández Ordóñez, who led Spain's integration into the European Community as its foreign minister. On March 3, 1989, according to these documents, he explained to Gorbachev that "the success of *perestroika* means only one thing—the success of the socialist revolution in contemporary conditions. And that is exactly what the reactionaries don't accept." Eighteen months later, Ordóñez told Gorbachev: "I feel intellectual disgust when I have to read, for example, passages in the documents of 'G7' where the problems of democracy, freedom of human personality and ideology of market economy are set on the same level. As a socialist, I cannot accept such an equation." Perhaps most shockingly, the Eastern European press has reported that Stroilov's documents suggest that François Mitterrand was maneuvering with Gorbachev to ensure that Germany would unite as a neutral, socialist entity under a Franco-Soviet condominium.

Zagladin's records also note that the former leader of the British Labour Party, Neil Kinnock, approached Gorbachev—unauthorized, while Kinnock was leader of the opposition—through a secret envoy to discuss the possibility of halting the United Kingdom's Trident nuclear-missile program. The minutes of the meeting between Gorbachev and the envoy, MP Stuart Holland, read as follows:

> In [Holland's] opinion, Soviet Union should be very interested in liquidation of "Tridents" because, apart from other things, the West—meaning the US, Britain and France—would have a serious advantage over the Soviet Union after the completion of START treaty. That advantage will need to be eliminated. . . . At the same time Holland noted that, of course, we can seriously think about realisation of that idea only if the Labour comes to power. He said Thatcher . . . would never agree to any reduction of nuclear armaments.

Kinnock was vice president of the European Commission from 1999 to 2004, and his wife, Glenys, is now Britain's minister for Europe. Gerard Batten, a member of the UK Independence Party, has noted the significance of the episode. "If the report given to Mr. Gorbachev is true, it means that Lord Kinnock approached one of Britain's enemies in order to seek approval regarding his party's defense policy and, had he been elected, Britain's defense policy," Batten said to the European Parliament in 2009. "If this report is true, then Lord Kinnock would be guilty of treason."

Similarly, Baroness Catherine Ashton, who is now the European Union's foreign minister, was treasurer of Britain's Campaign for Nuclear Disarmament from 1980 to 1982. The papers offer evidence that this organization received "unidentified income" from the Soviet Union in the 1980s. Stroilov's papers suggest as well that the government of the current Spanish EU commissioner for economic and monetary affairs, Joaquín Almunia, enthusiastically supported the Soviet project of gradually unifying Germany and Europe into a socialist "common European home" and strongly opposed the independence of the Baltic states and then of Ukraine.

Perhaps it doesn't surprise you to read that prominent European politicians held these views. But why doesn't it? It is impossible to imagine that figures who had enjoyed such close ties to the Nazi Party—or, for that matter, to the Ku Klux Klan or to South Africa's apartheid regime—would enjoy top positions in Europe today. The rules are different, apparently, for Communist fellow travelers. "We now have the EU unelected socialist party running Europe," Stroilov said to me. "Bet the KGB can't believe it."

The Berlin Wall rises in 1961.

BURT GLINN/MAGNUM PHOTOS

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PETER MARLOW/MAGNUM PHOTOS

The archives reveal disturbing negotiations between Gorbachev and Neil Kinnock, then the leader of the British Labour Party.

And what of Zagladin's description of his dealings with our own current vice president in 1979?

> Unofficially, [Senator Joseph] Biden and [Senator Richard] Lugar said that, in the end of the day, they were not so much concerned with having a problem of this or that citizen solved as with showing to the American public that they do care for "human rights." . . . In other words, the collocutors directly admitted that what is happening is a kind of a show, that they absolutely do not care for the fate of most so-called dissidents.

Remarkably, the world has shown little interest in the unread Soviet archives. That paragraph about Biden is a good example. Stroilov and Bukovsky coauthored a piece about it for the online magazine FrontPage on October 10, 2008; it passed without remark. Americans considered the episode so uninteresting that even Biden's political opponents didn't try to turn it into political capital. Imagine, if you can, what it must feel like to have spent the prime of your life in a Soviet psychiatric hospital, to know that Joe Biden is now vice president of the United States, and to know that no one gives a damn.

Bukovsky's book about the story that these documents tell, *Jugement à Moscou*, has been published in French, Russian, and a few other Slavic languages, but not in English. Random House bought the manuscript and, in Bukovsky's words, tried "to force me to rewrite the whole book from the liberal left political perspective." Bukovsky replied that "due to certain peculiarities of my biography I am allergic to political censorship." The contract was canceled, the book was never published in English, and no other publisher has shown interest in it. Neither has anyone wanted to publish *EUSSR*, a pamphlet by Stroilov and Bukovsky about the Soviet roots of European integration. In 2004, a very small British publisher did print an abbreviated version of the pamphlet; it, too, passed unnoticed.

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Stroilov has a long list of complaints about journalists who have initially shown interest in the documents, only to tell him later that their editors have declared the story insignificant. In advance of Gorbachev's visit to Germany for the celebration of the 20th anniversary of the fall of the Berlin Wall, Stroilov says, he offered the German press the documents depicting Gorbachev unflatteringly. There were no takers. In France, news about the documents showing Mitterrand's and Gorbachev's plans to turn Germany into a dependent socialist state prompted a few murmurs of curiosity, nothing more. Bukovsky's vast collection about Soviet sponsorship of terrorism, Palestinian and otherwise, remains largely unpublished.

Stroilov says that he and Bukovsky approached Jonathan Brent of Yale University Press, which is leading a publishing project on the history of the Cold War. He claims that initially Brent was enthusiastic and asked him to write a book, based on the documents, about the first Gulf War. Stroilov says that he wrote the first six chapters, sent them off, and never heard from Brent again, despite sending him e-mail after e-mail. "I can only speculate what so much frightened him in that book," Stroilov wrote to me.

I've also asked Brent and received no reply. This doesn't mean anything; people are busy. I am less inclined to believe in complex attempts to suppress the truth than I am in indifference and preoccupation with other things. Stroilov sees in these events "a kind of a taboo, the vague common understanding in the Establishment that it is better to let sleeping dogs lie, not to throw stones in a house of glass, and not to mention a rope in the house of a hanged man." I suspect it is something even more disturbing: no one much cares.

"I know the time will come," Stroilov says, "when the world has to look at those documents very carefully. We just cannot escape this. We have no way forward until we face the truth about what happened to us in the twentieth century. Even now, no matter how hard we try to ignore history, all these questions come back to us time and again."

The world exhibits a perilous failure to acknowledge the monstrous history of Communism.

he questions come back time and again, it is true, but few remember that they have been asked before, and few remember what the answer looked like. No one talks much about the victims of Communism. No one erects memorials to the throngs of people murdered by the Soviet state. (In his widely ignored book, *A Century of Violence in Soviet Russia*, Alexander Yakovlev, the architect of *perestroika* under Gorbachev, puts the number at 30 to 35 million.)

Indeed, many still subscribe to the essential tenets of Communist ideology. Politicians, academics, students, even the occasional autodidact taxi driver still stand opposed to private property. Many remain enthralled by schemes for central economic planning. Stalin, according to polls, is one of Russia's most popular historical figures. No small number of young people in Istanbul, where I live, proudly describe themselves as Communists; I have met such people around the world, from Seattle to Calcutta.

We rightly insisted upon total denazification; we rightly excoriate those who now attempt to revive the Nazis' ideology. But the world exhibits a perilous failure to acknowledge the monstrous history of Communism. These documents should be translated. They should be housed in a reputable library, properly cataloged, and carefully assessed by scholars. Above all, they should be well-known to a public that seems to have forgotten what the Soviet Union was really about. If they contain what Stroilov and Bukovsky say—and all the evidence I've seen suggests that they do—this is the obligation of anyone who gives a damn about history, foreign policy, and the scores of millions dead.

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When Germ Warfare Happened

Seventy years ago, Japan's bio-attacks killed hundreds of thousands. The effects linger today.

Judith Miller

Jiang Chun Geng's poisoned right leg, with its suppurating wounds, hangs limply over the gray wooden bench in the medical clinic here in Dachen, a village in China's province of Zhejiang. Twice the size of his left leg, the limb is too tender to touch during my visit. Instead, Dr. Zhu Jian Jun gently dabs the putrid wounds with an alcohol-drenched swab. Jiang's heavily lined face tightens as Zhu wraps the fiery stump with a white bandage and unhooks an intravenous antibiotic drip. Another treatment is over.

Jiang, a 70-year-old farmer, can't remember a time when flesh-eating ulcers didn't cover his legs. "They never go away," he tells me. "They just get drier. Sometimes they hurt less." He doesn't know for sure how he got them, but his father told him that the wounds first appeared in July 1942, soon after the Japanese army passed through his village. His entire family developed the festering sores. His mother and younger brother died in unbearable pain a decade later as the untreated, mysterious infection crept up their legs.

Jiang is one of 15 elderly Chinese men and women whom Zhu is treating in his simple village clinic for what locals label "rotten leg disease." A definitive diagnosis is no longer possible so many decades after the initial exposure and secondary infections. But Chinese, American, and other Western

Jiang Chun Geng, a survivor of Japan's war on China

LI XIAOFANG, "BLOOD-WEEPING ACCUSATIONS" (2)

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physicians who have examined the survivors, documented their histories, and photographed their wounds claim that they are victims of the most gruesome biological warfare attacks in modern history.

These attacks, orchestrated by Japan's infamous Unit 731 between 1932 and 1945, are the only documented mass use of germ weapons in modern times. Scholars say that we will never know exactly how many were killed. Sheldon H. Harris, the late American historian, estimated in a pioneering work that between 10,000 and 12,000 Chinese prisoners perished in the blood-curdling experiments that Unit 731 performed in Japanese-occupied Manchuria. Another 300,000 to 500,000 civilians died, he wrote, as a result of Japan's massive germ assaults on more than 70 Chinese cities and towns. China itself has disclosed no official tally. In fact, for many years, Japan's use of biological weapons in China was largely forgotten. Only recently has a resurgent China begun to remind Japan—and the world—of the atrocities.

In America, the historical amnesia has a Cold War source, argues Jeanne Guillemin, a political analyst at the Massachusetts Institute of Technology. After World War II ended, the United States and the Soviet Union sought information about Japanese germ experimentation for their own covert bioweapons efforts. In 1947, American officials secretly agreed to grant immunity from war-crimes prosecution to the head of Japan's program, Major General Shiro Ishii, and to 18 other biowarfare scientists in exchange for intelligence. As Harris recounted, Japanese pathologists gave U.S. officials some 8,000 slides of human tissues and blood samples taken from autopsied victims, as well as knowledge about the warheads and bombs that Japan had designed to spread its killer germs.

While several American military historians and scientists have downplayed the value of the Japanese data, a U.S. military document unearthed by Guillemin called the information "of the highest intelligence value," though before it underwent full analysis. The Japanese program had to remain secret, another military document concluded (in diplomatic understatement), "to protect the interests of the United States and to guard against embarrassment." Only after America and the Soviet Union (the Soviets only putatively) ended their offensive germ-weapons programs in the late 1960s and signed a treaty banning pathogens as offensive weapons in 1972 did significant amounts of evidence about the arrangement become public.

A second foreign-policy consideration also helps explain America's deal and ensuing silence, Guillemin points out. American officials believed that prosecuting Japanese scientists for war crimes that the widely revered emperor himself might have authorized would jeopardize Washington's effort to rebuild Japan as a stable democracy, "crucial to offsetting the Soviet presence in Asia and the rise of Communist China," she writes. Indeed, General Douglas MacArthur personally intervened to protect Japanese scientists who had worked on the program from prosecution.

Though President Clinton ordered U.S. government agencies in 2000 to make more than 100,000 pages of official documents on the program available to scholars, key questions remain—for instance, which American official authorized the arrangement with the Japanese biowarriors. The answers are unlikely to be found in Japan, whose own archives on the initiative remain largely closed to public scrutiny.

As for China itself, historically it has vacillated between stoking anti-Japanese nationalism and trying to dampen it, depending on its political needs. For instance, China once estimated that 10 million of its citizens died during Japan's traumatizing occupation of eastern China and Manchuria—the "Anti-Japanese War of 1931 Through 1945," as China calls it. Then, after the Tiananmen Square crisis, China raised the estimate to 35 million, seeking to divert attention from domestic discontent. But it's surely the case, observes Susan L. Shirk, a former State Department official and the author of *China, Fragile Superpower*, that almost every Chinese family suffered under the onslaught.

Only now that China has emerged as Asia's leading power has it begun to highlight Japan's

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biological crimes against it. The focal point of this effort is the Unit 731 Museum, just south of the city of Harbin in Manchuria. Built on the ruins of a cluster of ten villages known as Ping Fan, the museum occupies what was once the headquarters of Japan's germ empire. Constructed by Chinese slave laborers in 1936, Unit 731, whose Orwellian cover name was the "Epidemic Prevention and Water Supply Unit," was a vast laboratory complex of 3.7 square miles with more than 70 buildings—laboratories, officers' housing, a Buddhist temple, an airfield and railway station, three crematoria to dispose of experimentation victims, a prison, a power plant, and even a brothel to service the 3,000 Japanese scientists and guards who lived and worked there during its peak. Behind the complex's high, heavily guarded walls, Major General Ishii's scientists experimented on Chinese, Americans, Koreans, Mongolians, Russians, and others with some of the world's deadliest germs.

Prisoners would have to eat food laced with one of 31 germs or be injected directly with deadly pathogens.

The museum's main exhibition hall, located in Unit 731's administration building, describes Ishii's program and takes visitors through the procedures that his medical team followed in processing doomed inmates. *Maruta*, or "logs," as the Japanese scientists dubbed their victims, would be registered, given numbers, and later dragged from their cells through underground tunnels into the testing labs at the compound's center. Here, Sheldon Harris reported, they would have to eat food laced with one of 31 germs—anthrax-filled chocolate, plague-treated cookies, typhus-infected beer—or be injected directly with deadly pathogens to determine the minimal dose required to sicken or kill them. The "logs" usually lasted only a few weeks. Some were "sacrificed" after unit officials deemed them no longer fit for scientific study. Only a few survived for as long as six months, Unit 731 documents show.

Room Six of the museum contains a display of the high- and low-altitude bombs that the Japanese developed to disseminate their lethal cargo. One bomb included a porcelain cylinder to prevent germs from destruction on impact. Another was called "Mother and Daughters"—the Mother part of the weapon coming with a radio device that would detonate a cluster of germ-loaded Daughter bombs. That weapon proved too expensive for mass production, Harris observed. But other types of anthrax-, plague-, and bacteria-filled bombs were tested on hundreds of prisoners, who were tied to stakes in the ground and died in agony.

Room Nine displays fragmentary evidence of Japan's "fascistic guilt which cannot be denied," as the museum puts it: a wooden saw for dismembering human remains and racks for hanging entrails fresh from autopsies, some performed while the victims remained alive to ensure that death didn't alter the disease's impact on the organ or bones under study. I recalled interviewing an elderly Japanese soldier several years earlier who told me that he had performed vivisections, without anesthetic, on naked prisoners. Describing in almost a whisper his revulsion the first time he picked up his scalpel when ordered to do so, he said that he eventually grew accustomed to the "procedure." But his anguish suggested otherwise.

The museum's holdings are necessarily limited. When the Japanese had to flee Ping Fan in 1945, they attempted to destroy all traces of their crimes against humanity—as the Nuremberg tribunal called similar experiments performed by Nazi doctors in Europe—by killing the last 400 prisoners, setting infected animals free, and blowing up the complex.

r. Jin Cheng Ming, the museum's director, is cautious about death-toll estimates. The museum has been able to identify only 277 of the thousands of prisoners who came here, he said, mostly from the records kept by the Japanese

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transportation units that delivered them. But his estimates, which draw on provincial records and archives, are comparable with Harris's. In his Chinese-language book on the program, published in 2008, Jin concluded that so much of the widely dispersed program was secret that the death toll might remain uncertain even if Japan cooperated. "Maybe the Japanese know exact numbers," he says. "Or maybe your government does, since Japan shared so many records with you." In 2006, he adds, the U.S. gave China access to about 2,000 more pages of declassified records, but most were from late in the program. He and his staff have made 17 trips to Japan to collect oral evidence from former members of Unit 731. "It's hard because Japan is not sympathetic," he says. But part of the museum's mission is to videotape such testimonies for its collection, which now features over 200 hours of them.

After opening in 1985 with a one-room exhibit and a staff of three, the museum languished for years. Few foreigners or even Chinese came here. Today, though, it bustles with activity and is undergoing a vast expansion. Thirty-one sites are being excavated or renovated in and around the museum, which received more than 6 million visitors last year, about half of them Chinese schoolchildren. The Chinese government has tripled the museum's budget, and its staff has grown to 40.

The feverish activity is part of Jin's campaign to have the United Nations Educational, Scientific, and Cultural Organization designate his museum a cultural-heritage monument—joining another infamous death complex, Poland's Auschwitz. UNESCO sent a team to the museum late last summer to examine the site, and Jin is optimistic that the organization will eventually add his museum to its list. "While we still have many questions, we have so much more evidence than we had before," he tells me. "People must know and face their history. And the Japanese government should be responsible for its actions."

According to American doctors Michael Franzblau (left) and Martin Furmanski (right), "rotten leg disease" is actually glanders, "exquisitely painful" for humans.

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As horrifying as the experiments performed at Unit 731's headquarters were, they pale beside the horrors that Japan inflicted on the Chinese population at large. As we travel by bullet train from Shanghai deep into the province of Zhejiang, activist Wang Xuan tells me that the worst attacks occurred between 1940 and 1943, when the Japanese military struck dozens of Chinese cities and towns with pathogens that triggered recurring plague epidemics and killed hundreds of thousands.

The methods were brutal. Army trucks dumped gallons of deadly germs alongside roads and railway lines linking Chinese towns so that infections would spread from town to town; planes dropped porcelain bombs containing infected fleas on dozens of villages, causing devastating outbreaks of bubonic plague. The Japanese laced more than 1,000 wells in the area of Harbin with typhoid bacilli. They also inserted typhus into bottles of lemonade that children loved to drink in the summer, Harris reported. In Nanking, they distributed anthrax-filled chocolate and cake to hungry children. The Japanese discovered that packing fountain pens and walking sticks with deadly germs was a particularly effective way of secretly disseminating them. In 1940, Major General Ishii sent a train carrying 70 kilograms of typhus bacterium, 50 kilograms of cholera germs, and 5 kilograms of plague-infected fleas to the city of Hangzhou, a holiday resort favored by Shanghai's wealthy. From there, the germs were dumped into ponds and reservoirs and spread by aerial spraying, contaminating all life in fields of wheat and millet during the harvest.

As our train pulls into the station, Wang Xuan tells me that near here, over the small town of Quzhou, a Japanese plane dropped plague-infected fleas in October 1940. The first victims died a few days later. By 1948, more than 5,000 people had perished. Prior to that outbreak, no case of plague had ever been reported in the town, says Dr. Qiu Ming Xuan, former chief of the Quzhou Center for Disease Control.

That fact proved important in 1997, Wang explains, when she helped organize a lawsuit against Japan for spreading bubonic plague and other fatal diseases across China. Still, the town's plague-free earlier history—as well as oral histories from elderly residents of Chongshan, a town near Quzhou, and epidemiological data from local and provincial files—might not have been sufficient to persuade the court to side with the Chinese plaintiffs, since biological samples from the 1940 attack were no longer available. But Chongshan's survivors submitted to the court an original document: the working diary of a senior Japanese military officer, then stationed in Nanjing, responsible for contacts between his forces and Unit 731. The diary mentioned a plague attack on Quzhou on October 4, 1940—a date that coincided perfectly with the plague's spread from Quzhou to Chongshan.

In 2002, the Japanese court finally ruled that Japan had indeed used biological weapons against China—the first such official acknowledgment. But the court also ruled that the Chinese were not entitled to compensation under international law. Nor did Tokyo itself acknowledge having used germ weapons during the war or apologize to the Chinese victims. Since then, a succession of Japanese governments has remained silent about the crimes.

Sufferers from "rotten leg disease" have no comparable diary entry or official Japanese source that could prove to a court that their suffering was related to Japan's germ-weapons attacks. Indeed, even some Japanese researchers sympathetic to China challenge the claim that Japan's biowarfare caused the disease. Keiichi Tsuneishi, a distinguished Japanese historian who helped uncover Japan's atrocities in China, says that a bacterium native to the region could have been responsible, and he estimates that pathogens killed no more than 1,000 Chinese in the province of Zhejiang.

Wang Xuan responds that Tsuneishi is neither a biologist nor a physician and that he has never visited the affected regions. Refusing to yield to such challengers, she recruited four university students last summer to interview "rotten leg" survivors of the 1942 outbreak and to locate more victims. According to both Qiu and the students, in the villages surrounding the small city of Jinhua in central Zhejiang, 5 percent of

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the residents born before 1942 described having developed raw, festering wounds on their legs similar to those of the patients I saw.

In *Blood-Weeping Accusations*, a book in Chinese and English published by the Chinese Communist Party in 2005, some Chinese researchers conclude that anthrax caused the wounds. But at least two American physicians—Martin Furmanski, a pathologist and physician who wrote an essay in the book, and Michael Franzblau, a retired professor of dermatology at the University of California—believe that the culprit is *Burkholderia mallei*, or glanders. A horrendous skin disease that usually strikes horses, donkeys, and mules, glanders in humans is "exquisitely painful," Furmanski says. Left untreated, it causes deep wounds that will not heal unless treated with antibiotics. "Pustules come up from below, point, break, and ooze a pussy fluid," Furmanski explains. "Untreated, they can stay for months or even years. Only rarely do they heal. And when they occasionally do, you get a terrible scar." Cutaneous anthrax, by contrast, starts as a lesion on the skin that blackens and swells. "You look like the Michelin man," he says—but when it heals, it doesn't leave a scar.

A Japanese plane dropped plague-infected fleas in October 1940. The first victims died a few days later.

Furmanski became convinced that glanders, not anthrax, was the cause of "rotten leg disease" after he and Franzblau toured Quzhou with Wang Xuan in 2002. While taking a sample from a wound 60 years after the initial exposure probably would not reveal the identity of the original infectious agent, it might shed light on the nature of the infection or how best to treat it, he notes. But Furmanski says that he didn't try to culture a sample and take it back to America because he hadn't requested China's permission. Moreover, the shipment of glanders is restricted in America, given its potential use as a biological weapon, he adds. Indeed, glanders remains a research subject at the U.S. Army Medical Research Institute for Infectious Diseases, the military's premier biodefense lab, at Fort Detrick, Maryland. "Legally, I couldn't bring it back into the United States," Furmanski says.

orking closely with Wang, Franzblau has tried for years to introduce a resolution at World Medical Association meetings calling upon doctors to ask Japan to "officially repudiate Unit 731" and to explain "why physicians employed in Unit 731 have never been prosecuted for murder and crimes against humanity." Each year, his resolution has gone nowhere. "There has never even been a debate," he complains. The Japanese Medical Association has also remained silent, perhaps because one former president of the JMA was a Unit 731 staff member, as were former officials in many prestigious Japanese organizations.

Wang has raised tens of thousands of dollars to provide survivors the medical care they so desperately need. The Chinese government has done little to care for them, she says. Nor has any money come from Japanese organizations or individuals, unsurprisingly. And she has another fear: "I am worried that when these people die, the memory of what Japan did in China will die with them."

According to Jan van Aken, a German writer, activist, and now Bundestag member who accompanied Wang on a tour of the region in 2006, "almost the entire microbiology elite of wartime Japan may have been involved in one way or the other in the heinous crimes of Unit 731." In postwar Germany, by contrast, doctors who participated in similar experiments were exposed and convicted of crimes against humanity. "The time has come for Japan to appoint an independent, international commission, to investigate and publicly document, without restraints, the involvement of former members of their profession," says van Aken. "This was the most intensive use of biological weapons in modern history. Yet Japan remains silent. And so do most of us."

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The Varieties of Liberal Enthusiasm

The Left's political zealotry increasingly resembles religious experience.

Benjamin A. Plotinsky

Cast your mind back to January 2009, when Barack Obama became the president of the United States amid much rejoicing. The hosannas—covering the inauguration was "the honor of our lifetimes," said MSNBC anchor Chris Matthews—by then seemed unsurprising. Over the course of a long campaign, hyperbolic rhetoric had become commonplace, so much so that online wags had started calling Obama "the One"—a reference to the spate of recent science-fiction movies, especially *The Matrix*, that used that term to designate a messiah.

It all seems so long ago now, as one contemplates President Obama's plummeting approval ratings and a suddenly resurgent Republican Party. Yet it's worth looking closely and seriously at the election-year enthusiasm of media elites and other Obamaphiles, much of which was indeed, as the wags recognized, quasi-religious. The surprising fact is that the American Left, for all its claims to being "reality-based" and secular, is often animated by the passions, motivations, and imagery that one normally associates with religion. The better we understand this religious impulse, the better we will understand liberal America's likely trajectory in the years to come.

The first signs of the spiritual zeal that would eventually play a significant part in Obama's election came not from Washington or Chicago but from Hollywood. Our moviemakers are adept at measuring the zeitgeist of the nation—of its liberal half, anyway—and are a powerful force in shaping it. And for more than a decade, they've been churning out what critics call "black-angel" movies. These films feature a white protagonist guided to enlightenment by a black character, usually of divine or supernatural origin or, at the very least, in touch with spiritual experiences that the main character lacks. With the black angel's help, the white hero finds salvation.

The genre includes, to name just a few, *The Legend of Bagger Vance* (2000), in which Will Smith—playing a caddie who is really, the film hints, God—restores Matt Damon's golf game and love life; *Bruce Almighty* (2003), in which Morgan Freeman, as God, bestows his powers on a manic Jim Carrey; and the awful *What Dreams May Come* (1998), in which Cuba Gooding, Jr. is a wise soul guiding Robin Williams through the afterlife. These movies have been numerous enough, David Sterritt points out in the *Christian*

PABLO MARTINEZ MONSIVAIS/AP PHOTO

A "Lightworker . . . who can actually help usher in *a new way of being on the planet*," according to a *San Francisco Chronicle* columnist

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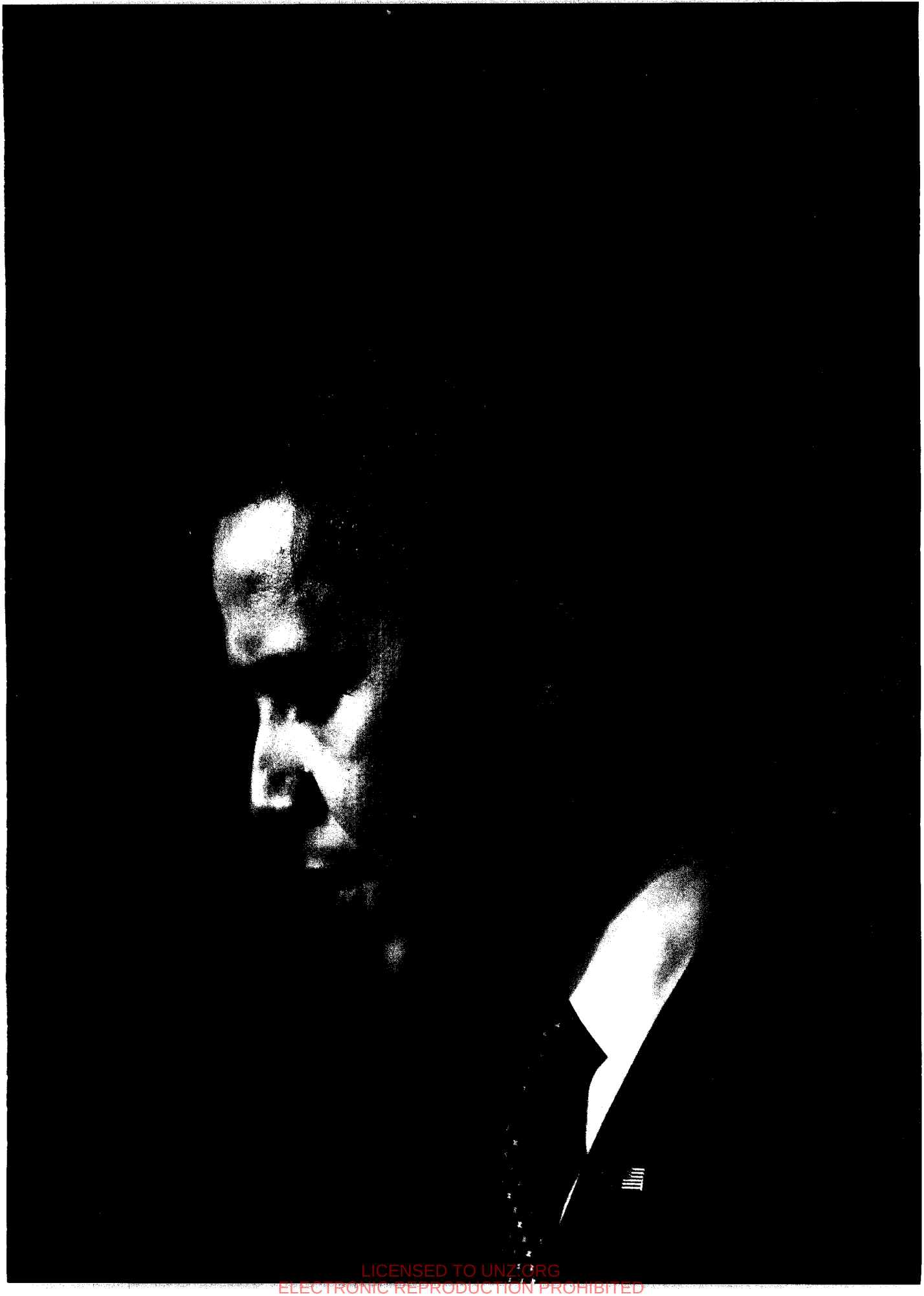

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Science Monitor, to confuse TV's buffoonish Homer Simpson: in one episode, "Homer mistook a black man in a white suit for an angelic visitor, all because (according to his embarrassed wife) he'd been seeing too many movies lately."

Far and away the best of the black-angel films is Frank Darabont's *The Green Mile* (1999), based on a novel by Stephen King, whose knack for setting his finger on the cultural pulse has made him a multimillionaire. The basso profundo Michael Clarke Duncan plays John Coffey (note the initials), a gigantic black man wrongfully convicted of the rape and murder of two little girls in Depression-era Louisiana and sentenced to death; Tom Hanks plays Paul Edgecomb, a prison guard who discovers that Coffey is not only innocent but also a Christlike miracle worker. Coffey's laying-on of hands restores a dead mouse to life, cures Edgecomb of a bladder infection, and heals the warden's wife's brain cancer. Shortly before he is executed—the jeering of the girls' anguished parents and the weeping of the prison guards who know the truth recall the account of the Crucifixion in Luke—Coffey has this exchange with a tortured Edgecomb:

> *Edgecomb.* Tell me what you want me to do. You want me to take you out of here? Just let you run away? See how far you could get?
>
> *Coffey.* Why would you do such a foolish thing?
>
> *Edgecomb.* On the day of my judgment, when I stand before God, and He asks me why did I—did I kill one of His true miracles—what am I going to say? That it was my job? . . .
>
> *Coffey.* You tell God the Father it was a kindness you done. . . . I want it to be over and done with. I do. . . . I'm tired of people being ugly to each other. I'm tired of all the pain I feel and hear in the world every day.

The writer or director of a black-angel film recognizes the unspeakable injustices once perpetrated by his country on black people; he wants to be forgiven the sins of his fathers. If he is simply a comedian, he makes *Bruce Almighty*, casting a black man as God in a sort of lighthearted flattery. If his waters run deeper, he understands that no plum role can atone for the crimes that weigh on him. Instinctively, he realizes what thinkers from Aristotle to Marcel Mauss have known: that whenever a gift is given, the prestige of the giver increases and that of the recipient declines. So he tells a story in which a black man gives the greatest gift of all, suffering—like Jesus in Christian theology—for others' sins, in fact *demanding* to suffer, and by demanding, forgiving. White America is pardoned its wrongs, while black America, by pardoning, is elevated to godhood.

Are these movies ultimately condescending to blacks? After all, the white protagonist, the person who will be saved or damned according to his decisions, is invariably more interesting than the serene black angel hovering nearby. Indeed, the condescension, if such it is, is a cinematic version of affirmative action—a denial to blacks of Everyman's struggle for salvation; a magnanimous extension to them of paradise.

And this brings us to Barack Obama's liberal support during the campaign, which was decidedly different from the regular media bias that conservatives often complain about. "I haven't seen a politician get this kind of walk-on-water coverage since Colin Powell a dozen years ago flirted with making a run for the White House," said *Washington Post* media critic Howard Kurtz on *Meet the Press* in February 2007, a day after Obama announced his candidacy. "I mean, it is amazing . . . a guy with all of two years' experience in the United States Senate getting coverage that ranges from positive to glowing to even gushing."

"Walk-on-water coverage" was exactly right, and though the media seldom framed their worship quite that explicitly, the exceptions were telling. Here's *San Francisco Chronicle* columnist Mark Morford on June 6, 2008:

> Many spiritually advanced people I know . . . identify Obama as a Lightworker, that rare kind of attuned being who has the ability to lead us not merely to new foreign policies or health care plans or whatnot, but who can actually help usher in *a new way of being*

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on the planet, of relating and connecting and engaging with this bizarre earthly experiment. These kinds of people actually help us *evolve*. They are philosophers and peacemakers of a very high order, and they speak not just to reason or emotion, but to the soul.

San Francisco, you shrug. Consider, then, what Samantha Fennell, formerly an associate publisher of *Elle*, wrote on the magazine's website a month later:

> Barack Obama must be elected President of the United States. . . . I have thrown myself into a new world—one in which fluffy chatter and frivolous praise are replaced by a get-to-the-point directness and disciple-like devotion. It's intense and intoxicating. . . . When I attended my second "Obama Live" fund-raiser last week at New York City's Grand Hyatt, . . . I was on my feet as Senator Obama entered the room. Fate had blessed me in this moment. . . . In a moment of divine intervention, he saw me, . . . grabbed my hand, and gave that brilliant smile of his. I literally said out loud to the woman next to me who witnessed my good fate, "I'll never wash this hand again."

Obama's liberal support was different from the regular media bias that conservatives often complain about.

Fashion writers, you say. But here is Evan Thomas, a *Newsweek* editor, on the show *Hardball with Chris Matthews* last June:

> *Thomas.* Reagan was all about America. He talked about it. Obama is, "We are above that now, we are not just parochial, we're not just chauvinistic, we're not just provincial, we stand for something." I mean, in a way, Obama is standing above the country, above the world. He's sort of God.
>
> *Matthews.* Yeah.
>
> *Thomas.* He's going to bring all different sides together.

True, Thomas wasn't so much evincing Morford's and Fennell's giddy devotion as describing, perhaps too admiringly, one of the ways Obama elicited it.

The deifications and hagiologies were particularly overt in the remarks of prominent black figures. Filmmaker Spike Lee, predicting an Obama victory, implicitly compared the candidate with Christ: "You'll have to measure time by 'Before Obama' and 'After Obama.' . . . Everything's going to be affected by this seismic change in the universe." Jesse Jackson, Jr. called Obama's securing the Democratic nomination "so extraordinary that another chapter could be added to the Bible to chronicle its significance." Louis Farrakhan went one better, according to the website WorldNetDaily: "Barack has captured the youth. . . . That's a sign. When the Messiah speaks, the youth will hear, and the Messiah is absolutely speaking."

The website ObamaMessiah.blogspot.com has diligently chronicled many more instances of such talk, which seems positively cringe-making in 2010. It seems unfair to blame Obama himself for most of it, though he surely set the tone with a brand of mystical campaign rhetoric unfamiliar to presidential politics—in this country, anyway. In February 2008, a concerned Joe Klein of *Time* noted: "There was something just a wee bit creepy about the mass messianism—'We are the ones we've been waiting for'—of the Super Tuesday speech and the recent turn of the Obama campaign." (The full quotation: "We are the ones we've been waiting for. We are the change that we seek.") To this day, BarackObama.com displays at the top of its homepage the following words (attributed to Obama, though nobody seems to have been able to pinpoint the speech): "I'M ASKING YOU TO BELIEVE. Not just in my ability to bring about real change in Washington . . . I'm asking you to believe in yours."

Whether or not the Obama campaign realized it, that demand for faith was an updated echo

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A recurring motif in liberal iconography is the "black angel" who redeems the white sinner, as in *The Green Mile* (1999).

of innumerable passages in the Gospels: "Everything is possible for him who believes"; "Whoever lives and believes in me will never die"; and so on. If the first component of the Obama creed was *faith*, though, the second was surely *hope*—the audacious hope whose name famously adorns one of the president's two autobiographies. We need only add *charity* to have what Catholics call the three Theological Virtues, which Paul mentions in First Corinthians. Perhaps we should not have been surprised, then, when a day before his inauguration, Obama breathtakingly upended the meaning of Martin Luther King Day, transforming a holiday devoted to the memory of a civil rights leader—and perhaps also to such ideas as equality, tolerance, and the evils of racism—into a day of public service. "It's not a day just to pause and reflect—it's a day to act," Obama announced. "Today, ordinary citizens will gather together all across the country to participate in the more than 11,000 service projects they've created using USAservice.org. And I ask the American people to turn today's efforts into an ongoing commitment to enriching the lives of others in their communities, their cities, and their country."

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An astute moviegoer could have predicted the candidate's manner: confident but calm, eloquent but modest. Obama wasn't a loud race-baiter like Al Sharpton; he was a deep-voiced, serious, almost sad, observer, a black angel come to forgive the iniquity of guilt-racked liberal America.

How can we explain this sudden, brief eruption of messianic fervor into our politics? Perhaps by looking at the religious climate of the country and the world, which have been witnessing a religious revival over the past 30 years. Whether you call this phenomenon the "revenge of God," as the French scholar Gilles Kepel does, or "resacralization," as the sociologists do, or echo the title of the recent book by *Economist* editors John Micklethwait and Adrian Wooldridge, *God Is Back*, the evidence is hard to ignore. In the United States, as everyone knows, the Religious Right has made huge advances since the 1970s. During the same period, what Kepel calls "re-Islamization" movements have appeared in the Middle East and beyond, aiming "to propagate Islam everywhere until humanity was converted into 'ummanity.' " All over the world, Christianity is growing—in particular, Pentecostalism, a denomination just a century old that, along with "related charismatic movements," now claims a stunning 500 million adherents, the Pew Forum on Religion and Public Life reports. To make a long story short, Peter Berger and Anton Zijderfeld's *In Praise of Doubt* sees just one geographical exception to a "furiously religious world"—Western and Central Europe. And even there, Kepel tells us, a "significant re-Christianization movement" has appeared in France in the form of Pentecostal Catholicism.

In America, this revival is reflected in popular culture, too, and not just in black-angel movies. Recall the trend that the bloggers were referring to when they dubbed Obama "the One": over the past few decades, a slew of science-fiction movies, from *E.T.* to the second *Star Wars* trilogy to *Superman Returns*, have drawn parts of their plots from the New Testament (see "How Science Fiction Found Religion," Winter 2009). Or look at the recent tattoo craze, in which the most popular designs are not the working-class hearts and arrows of yesteryear but mystical, so-called tribal, patterns. During the seventies and eighties, writes Margo DeMello in *Bodies of Inscription*, "tattooing began, for the first time, to be connected with emerging issues like self-actualization, social and personal transformation, ecological awareness, and spiritual growth."

Obama wasn't a loud race-baiter like Al Sharpton; he was a deep-voiced, serious, almost sad, observer.

On what Matthew Arnold famously called the "sea of faith," then, it may be that a rising tide raises all ships. If reawakened religious feeling can prompt people to inject messiahs into their movies and dyes into their skin, why shouldn't it prompt them to vote for a black angel? Perhaps we should simply identify Obamaism as one more manifestation of a wider resurgence of spiritual enthusiasm—a manifestation that differs from the others merely in having a political component—and stop worrying about it.

Yet the political component is of immense importance. If twentieth-century history teaches us anything, it's that political religions spell trouble. Soviet Communism, Italian Fascism, and Nazism aren't just called "political religions" by scholars today. In all three cases, observers *at the time* recognized and worried about the movements' religious natures. Those natures were no accident; Mussolini, for instance, called his ideology "not only a faith, but a religion that is conquering the laboring masses of the Italian people."

One reason that observers saw the great totalitarianisms as religious was that each had its idol: Mussolini in Italy, Hitler in Germany, and Lenin in Russia, followed by Stalin. Take Grigory Zinoviev's description of Lenin: "He is really

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the chosen one of millions. He is the leader by the Grace of God. He is the authentic figure of a leader such as is born once in 500 years." Stalin's cult of personality was far more developed and sometimes explicitly idolatrous, as in the poem that addressed the despot as "O Thou mighty one, chief of the peoples, Who callest man to life, Who awakest the earth to fruitfulness." And in Italy, writes the historian Michael Burleigh, "intellectual sycophants and propagandists characterised [Mussolini] as a prodigy of genius in terms that would not have embarrassed Stalin: messiah, saviour, man of destiny, latterday Caesar, Napoleon, and so forth."

To point out these words' uncomfortable similarity to the journalists' praises of Obama is *not* to equate the throngs who bowed down to totalitarian dictators with even the most worshipful Obamaphiles. But the *manner* of worship is related, as perhaps it must be in any human society that chooses to adore a human being. The widespread renaming of villages, schools, and factories after Stalin, for example, finds its modern-day democratic parallel in a rash of schools that have already rechristened themselves after Obama, to say nothing of the hundreds of young sentimentalists who informally adopted the candidate's middle name during the presidential race. Even the Obama campaign's ubiquitous logo—the letter O framing a rising sun—would not have surprised the scholar Eric Voegelin. In *The Political Religions* (1938), Voegelin traced rulers who employed the image of the sun—a symbol of "the radiation of power along a hierarchy of rulers and offices that ranges from God at the top down to the subject at the bottom"—from the pharaoh Akhenaton to Louis XIV and eventually to Hitler.

The worship of a charismatic leader was just one reason that twentieth-century intellectuals regarded the great totalitarianisms as inherently religious. Another was their immense scope, which included not just matters traditionally considered public—war, taxes, even the offices of the welfare state—but also the private lives and practices of individuals. "The totalitarian movements which have arisen since World War I are fundamentally religious movements," wrote the political scientist Waldemar Gurian in 1952, in part because they "cannot conceive of realms of life outside and beyond their control." Sixteen years earlier, the legal scholar Marcel Prélot had commented that "the totalitarian state, naturally extending its field of action far beyond the recognized domain of the conventional state, claims to constitute both a political entity and an ethical and spiritual community, . . . the state itself being a church."

Obamaism is far narrower, and far more benign, than that. But another strand of modern liberal politics encroaches so far on the private sphere that it begins to resemble the political religions. On the excellent webcast *Uncommon Knowledge*, Czech president Václav Klaus recently compared "two ideologies" that were "structurally very similar. They are against individual freedom. They are in favor of centralistic masterminding of our fates. They are both very similar in telling us what to do, how to live, how to behave, what to eat, how to travel, what we can do and what we cannot do." The first of Klaus's "two ideologies" was Communism—a system with which he was deeply familiar, having participated in the Velvet Revolution in 1989. The second was environmentalism.

Klaus could have expanded his list. Environmentalism does indeed tell its adherents "what to eat" (pesticide-free organic food, preferably grown nearby to cut down on trucking) and "how to travel" (by public transportation or, better yet, bicycle). But it also lays down rules on nearly every aspect of life in a consumer economy: how to wash your clothes (seldom); how to wash yourself (take a shower, not a bath, and use a low-flow showerhead); how to light your house (with fluorescent bulbs); how to choose your TV (look for the Energy Star logo!); how to go to the bathroom (with high-efficiency toilets and recycled paper); how to invest, clean, sleep, and dress (in environmentally friendly companies, with nontoxic chemicals, on sheets made of "sustainable fibers," and in clothes made of the same); and even how to procreate (Greenpeace has issued a guide to "environmentally friendly sex").

Think about the life that a truly conscientious environmentalist must lead! Compared with it, the devout Muslim's five daily prayers and the

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pious Jew's carefully regulated diet are a cakewalk. What the British historian Alfred Cobban wrote about totalitarianism—that it "takes the spiritual discipline of a religious order and imposes it on forty or sixty or a hundred million people"—applies perfectly to environmentalism, except for the part about imposition. And there, one might give Jonah Goldberg's answer in *Liberal Fascism*: "You may trust that environmentalists have no desire to translate these voluntary suggestions into law, but I have no such confidence given the track record of similar campaigns in the past." Recycling mandates come to mind, as does the federal law that will impose silly-looking spiral lightbulbs on us all by 2014.

There's also a close resemblance between the environmental and biblical views of history, as the late novelist Michael Crichton pointed out in a widely reprinted speech. "Environmentalism is in fact a perfect twenty-first-century remapping of traditional Judeo-Christian beliefs and myths," Crichton said. "There's an initial Eden, a paradise, a state of grace and unity with nature, there's a fall from grace into a state of pollution as a result of eating from the tree of knowledge, and as a result of our actions there is a judgment day coming for us all." That judgment day currently assumes the form of various global-warming disasters that will happen unless we immediately perform still more rituals. Never mind that the science so urgently instructing us to reduce carbon emissions—thus hobbling economic growth and prosperity around the world—is so young, and so poorly understood, that it can't explain why global warming seems to have stalled over the last decade. Far more persuasive is the argument from faith: we'd better repent, because the End is nigh.

Barack Obama doubtless tapped into environmentalists' spiritual longings when he accepted the Democratic presidential nomination. "Generations from now," he proclaimed, "we will be able to look back and tell our children that this was the moment when we began to provide care for the sick and good jobs to the jobless; *this was the moment when the rise of the oceans began to slow and our planet began to heal*; this was the moment when we ended a war and secured our nation and restored our image as the last, best hope on Earth." Italics mine; grandiloquent prophecy his.

The worship of a charismatic leader was one reason that intellectuals regarded totalitarianism as inherently religious.

Religion has long been a powerful force in American politics, of course, for good and ill. The difference with the more traditional varieties of religion was the open acknowledgment that they *were* religious. The First Amendment promised that they could never become established churches; generations' worth of jurisprudence closely regulated the way they could interact with government. And when a campaigning politician acknowledged forthrightly that he derived a policy from, say, his understanding of the Bible, his potential constituents understood that, however reasonable the policy might be, what underlay it was faith, not reason. The emerging liberal religions are very different: as emotionally captivating for some, at least for a time, as Christianity or Judaism, but untrammeled by any constitutional amendment; as grounded in faith, but pretending to dwell in the realms of reason and science.

Obama's speedy fall from godhood since his election has been encouraging, perhaps a sign of America's traditional reluctance to embrace a Great Leader. But it's far too early in his administration to assume that the fall will be permanent. Radical environmentalism, moreover, will surely be around long after Obama has left the White House. And the threat of other charismatic leaders will remain as well—a troubling lesson that we can learn from no less a religious authority than the Bible. A nation that bends the knee once, as the book of Judges bleakly demonstrates, is all too likely to bend it again.

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Urbanities

Exile in Dogpatch

Stefan Kanfer

The curious neglect of cartoonist Al Capp

Before there was Pop Art there was popular art, and the most popular art was the comic strip, and the most popular of the comic-strip artists was Al Capp. Last year marked his centenary, a time when his accomplishments should have been celebrated nationwide with exuberant features and illustrations. Instead, Capp's name was neglected by everyone except pop historians and those with indelible memories of Dogpatch, U.S.A. The reasons have less to do with fashions in newspaper comics than with trends in newspaper politics. In the mainstream media, the man in cap and bells wins ovations so long as he toes the line, mocking red-staters and GOP conservatives. But woe to the jester who kids the Left.

The eldest child of Latvian-Jewish immigrants, Alfred Gerald Caplin was born in 1909 in New Haven, Connecticut. He enjoyed a typical New England boyhood until the age of nine. In autumn 1918, he sneaked aboard an ice truck, jumped off—and fell into the path of an oncoming trolley car. His left leg was severed in mid-thigh. "There came a great noise—a great cry—a crash—and darkness," he recalled. "And the gate of the garden closed." When Alfred's wound healed, he received the first of many prostheses. "I was indignant as hell about that leg," he continued. "It was hard to handle, and it squeaked." At the same time, though, he learned "the secret of how to live without resentment or embarrassment in a world in which I was different from everyone else." It was to be "indifferent to that difference."

Otto Caplin wasn't much of a provider, but he gave his son something more valuable: encouragement. Otto was a compulsive doodler, and he saw that his boy had a gift for drawing. He praised Alfred's efforts and urged him to do more of them. Soon, working with a pencil and sketch pad was one of only two things that interested the dark-haired, handsome youth. The other was girls. After failing geometry for nine consecutive terms, Alfred dropped out of high school and began to explore the world beyond New Haven. The limping hitchhiker roamed as far south as Appalachia, where illiterate but hospitable farmers allowed him a free overnight berth—and where he made the acquaintance of their comely daughters. Alfred began wondering how he could combine these interests; when he returned home, he thought there might be a way. He had read enticing stories about Bud Fisher, the creator of Mutt and Jeff, who "got $3,000 a week and was constantly marrying French countesses. I decided that was for me."

When Alfred was 19, the Caplin family moved to Boston, where Otto hoped (vainly) to earn big money as a salesman. Alfred picked up a few pointers at Boston's School of the Museum of Fine Arts, but the talent, humor, and ambition were already in place. What they needed was an outlet. In 1933, the young artist packed up his portfolio, journeyed to New York, and wangled an interview with one of America's top cartoonists. Ham Fisher was the creator of Joe Palooka, whose comic-strip exploits had made the big time, with radio shows and films built around the amiable prizefighter. Busy with innumerable projects, Fisher hired Caplin as an assistant.

Theirs was not a happy or long-lived association. Alfred furnished *Joe Palooka* with ideas, drawings, and characters (among them a few Appalachian walk-ons); Ham supplied minimum wages. As *Time* later noted, "Capp parted from Fisher with a definite impression (to put it mildly) that he had been underpaid and unappreciated. Fisher, a man of Roman self-esteem, considered Capp an ingrate and a whippersnapper."

FRED W. MCDARRAH/GETTY IMAGES

Capp with William F. Buckley, Jr. at a 1970 meeting of Young Americans for Freedom

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Urbanities

On his own time, the whippersnapper came up with *Li'l Abner* and with a nom de strip, Al Capp. The central character was a strapping, empty-headed mountain boy, Abner Yokum—a portmanteau moniker that blended "yokel" and "hokum." In Abner's hick town of Dogpatch, the farms produced only turnips. The comedy was Manichean: the local women were either gorgeous or gorgons, the men either virtuous or villainous. They all spoke in a unique Southern vernacular: "amoozin' but confoozin' "; "if I had my druthers"; "corn-tinue." And their dialogue was punctuated with G-rated expletives like "Gulp!" and "Sigh!"

United Features Syndicate took a chance on the strip, and *Li'l Abner* debuted on August 13, 1934, at the nadir of the Depression. No one had seen anything like it. Capp combined narrative skill, native wit, and an ability to draw pneumatic women. ("Anyone who likes small bosoms," he proclaimed, "let 'em read *Orphan Annie*.") That year, *Abner* became the sleeper of the comic pages. By 1937, it was running in 250 newspapers; by the 1950s, about 1,000 papers brought it to more than 60 million readers.

Dogpatch became as familiar as William Faulkner's Yoknapatawpha County, and a lot more entertaining. There was, for example, Sadie Hawkins Day, the one time in the year when women were encouraged to run after men. The pursuit takes place at a racetrack, with an official, "Marryin' Sam," waiting at the finish line. Upon arrival, the ladies and the bachelors they have snagged are joined in unholy matrimony. The idea caught on. In 1939, a double-page spread in *Life* reported: "On Sadie Hawkins Day, Girls Chase Boys in 201 Colleges." A dozen years later, the day was celebrated, on and off campus, in some 40,000 venues.

In the summer of 1948, Li'l Abner ventured into the Valley of the Shmoos. These armless, harmless, pear-shaped creatures lived—and died—to please humanity. Shmoos happily immolated themselves for the hungry, leaping into a frying pan (after half an hour on the heat, they tasted like chicken) or into a broiling pan (in which case they tasted like steak). Shmoos produced eggs, milk, and butter; their pelts made perfect boot leather or house timber, depending on how thick they were sliced. Unfortunately, the generous animals wreaked havoc on business: who would pay for food or shelter when Shmoos were around? So they were annihilated by "Shmooicide Squads" funded by J. Roaringham Fatback, the gluttonous Pork King. The satire caught on nationally, accompanied by attacks from both the Left and the Right, notes comic-book publisher Denis Kitchen. "Communists thought Capp was making fun of socialism and Marxism. The right wing thought he was making fun of Capitalism and the American way." For Al, every knock was a boost. "If the Shmoo fits," he proclaimed, "wear it."

Molasses-brained Abner was semiliterate, but he could read the dialogue balloons in *Fearless Fosdick*, a hilarious send-up of Chester Gould's plainclothes sleuth, Dick Tracy. The strip-within-a-strip set Fosdick, Abner's "ideel" man, against a series of antagonists, including Rattop, Bombface, and Sidney the Crooked Parrot. In every adventure, malefactors filled the hero with huge bullet holes. But Fearless, looking like a piece of animated Swiss cheese, perennially responded, "Fortunately, these are mere flesh wounds," and saw to it that good triumphed over evil. The parody lasted 35 years; many weeks, Fosdick received more fan mail than Tracy himself.

Li'l Abner costarred a procession of colorful folk whose names described their characters or their physiognomies. Among the ladies: Appassionatta Von Climax, Stupefyin' Jones, and Moonbeam McSwine. The men included Romeo McHaystack, B. Fowler McNest, Battling McNoodnik, Slobberlips McJab, Bounder J. Roundheels, Oldman Riva, Sir Orble Gasse-Payne, and Skelton McCloset.

Li'l Abner leaped from the newspapers and took off in all directions. In 1940, RKO produced a film based on the strip; it featured some former Keystone Kops, as well as Buster Keaton as a character named Lonesome Polecat. Four years later, *Li'l Abner* inspired a series of animated cartoons for

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THE HARVARD CHAPTER OF "SWINE" (STUDENTS WILDLY INDIGNANT ABOUT NEARLY EVERYTHING) ---
AYE!! AYE!!
9-16
-VOTES TO END 400 YEARS OF GREED AND SELFISHNESS AND GIVE AMERICA BACK TO THE INDIANS!!
THERE'S ONE!!—LET'S BEGIN BY GIVING HARVARD TO HIM!!
Capp
US SWINE WILL UNDO THE INJUSTICES DONE TO THE INDIANS BY OUR PIONEER FORE-FATHERS!!
THIS LAND IS RIGHTFULLY YOURS AND WE'LL RETURN IT!!—WE'LL BEGIN BY GIVING YOU HARVARD!!
I HELP!!
THANKS—BUT WAR SHOULD BE LEFT TO PROFESSIONALS!
NAMELY ME! I'M A SOPHOMORE AT COLUMBIA!!
ADMINISTRATION OFFICE
9-17
Capp

CAPP ENTERPRISES

In the late sixties, Capp turned his satirical eye on the student Left.

Columbia Pictures. Three years after that, Capp was wealthy enough to buy back his contract from United Features, thereby enabling him to profit from every aspect of the strip, from theatrical adaptations to product endorsements. The lifelong teetotaler pitched Schaefer beer as well as Wildroot Cream Oil; Abner's parents, Mammy and Pappy Yokum, pushed Cream of Wheat and Grape-Nuts along with Ivory soap and Fruit of the Loom underwear. In the next decade, Dogpatch became the backdrop of a Broadway musical with Peter Palmer as Abner, Edie Adams as his perpetual girlfriend Daisy Mae, and pulchritudinous showstoppers Tina Louise and Julie Newmar as, respectively, Ms. Von Climax and the truly Stupefyin' Jones.

Under reader pressure, Capp allowed Abner and Daisy Mae to marry in 1952, an event reported worldwide—indeed, the wedding made the cover of *Life*. Capp himself was on the cover of *Newsweek* and became the subject of a two-issue profile in *The New Yorker*. This burgeoning celebrity was a delight to Al, his wife, Catherine (whom he had met in art school), their three young children, and millions of fans.

But it was not pleasing to Ham Fisher. As the years wore on, Abner Yokum completely eclipsed Joe Palooka. Fisher bad-mouthed Capp at meetings of the National Cartoonists Society, insisting that the younger man's bumpkins derived from work he had done on *Joe Palooka*. Capp returned fire, caricaturing Fisher in *Li'l Abner* as avaricious cartoonist Happy Vermin. For lagniappe, he published an essay in *The Atlantic Monthly*. Though "I Remember Monster" never referred to Capp's ex-employer by name, it described a cruel, parsimonious boss widely understood to represent Fisher. Ham retaliated, accusing Al of sneaking pornography into the backgrounds of his comic strip. Exhibit A was a sheaf of X-rated drawings, showing steamy bimbos in compromising positions. Fisher submitted them to Capp's syndicate and to a New York judge. The aim was to embarrass Capp publicly—and

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to get him thrown out of the Society. Capp countered with irrefutable evidence. He showed the court and the Society his original, unsullied drawings, suggesting that "someone else" had drawn the blue material. The judge let the matter drop; so did the Society.

But the vendetta was far from over. In 1954, when Capp made an offer to buy a Boston television station, the Federal Communications Commission received an envelope with no return address. It contained more pornographic *Li'l Abner* drawings. At Capp's urging, the Society held an investigation. Fisher was accused of forgery and expelled. The following year, he committed suicide in his studio. By then he had become a lonely outcast, living in obscurity and disgrace. His body was not found for almost three months.

Capp said nothing when he heard the news, but he made certain that he would never be accused of shortchanging or maligning his own assistants. When *Time* put him on its cover, the working routine of *Li'l Abner* became a matter of record. It began, Al demonstrated, with his own pencil sketches and dialogue. Andy Amato and Walter Johnson added backgrounds and objects to the drafts. Harvey Curtis did the lettering. The fifth member of the team, Frank Frazetta, added fine touches to characters and scenes. (He later became well-known for his painted book covers and movie posters and for the sex satire *Little Annie Fanny* in *Playboy*.)

Still, the main credit belonged to the man whose signature decorated the bottom of the comic strip. After all, Al Capp was the one who produced the ideas and the characters that kept America laughing. The satirist's energy seemed limitless. "Is there hypocrisy and injustice waiting for me to take 'em on?" he remarked. "Glad to oblige." As if he didn't have enough on his drawing board, Capp cocreated two more newspaper strips, *Abbie an' Slats* with Raeburn Van Buren and *Long Sam* with Bob Lubbers. He also worked on the shorter top-of-the-page cartoons *Washable Jones, Small Fry*, and *Advice fo' Chillun*.

But it was *Li'l Abner* that prompted the National Cartoonists Society to present him with a Reuben, its highest award. And it was *Li'l Abner* that garnered a long list of celebrated admirers, among them Charlie Chaplin, Harpo Marx, theatrical caricaturist Al Hirschfeld, economist John Kenneth Galbraith, and Queen Elizabeth II. John Updike called Abner a "hillbilly Candide": the strip's "richness of social and philosophical commentary approached the Voltairean." That jibed with John Steinbeck's assessment that Capp was "the best satirist since Laurence Sterne," worthy of a Nobel Prize in Literature.

Al was interviewed by Jack Paar and Steve Allen on *The Tonight Show* and was the guest of avid intellectuals in Italy. "What was your motivation for creating *Li'l Abner* in 1934?" one of them asked. Capp: "Hunger. I was very hungry in 1934. So I created *Li'l Abner*. It became big business and I became overweight. Since then my motivation has been greed." He appeared at colleges nationwide, exhorting students to think for themselves, and at gatherings of disabled veterans, encouraging them to be indifferent to the difference. Though Capp voted for Democrat Adlai Stevenson in 1952 and 1956, President Eisenhower asked him to chair the Cartoonists Committee of the Treasury Department's People-to-People program, encouraging the purchase of U.S. Savings Bonds. Al also was a member of the National Reading Council, a group dedicated to promoting literacy.

During the sixties, Capp lived in Cambridge, Massachusetts. For him, news of student protests against the Vietnam War, against President Nixon, against college administrators, against the police, and finally against anyone who dared to espouse traditional values weren't remote events reported in the same papers that carried *Li'l Abner*. They took place in Al's own neighborhood: Harvard Yard. He saw what was happening and took notes.

For decades, the New Deal Democrat had been sniping at plutocrats and politicians. Now, provoked by domestic and national circumstances,

HULTON ARCHIVE/GETTY IMAGES

The federal government used Capp's popular characters, Daisy Mae and Li'l Abner, to promote savings bonds.

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IT'S THE MOST WISE SHMOO OF ALL!
NACHERLY- IT'S IN LOVE WITH U.S. SAVINGS BONDS WHICH IS THE BEST INVESTMENT FOR US ALL AND OUR COUNTRY!
Al Capp

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he turned his artillery on the Left. One group of yapping, in-your-face student radicals called itself the Youth International Party (YIP). The Yippies went for street theater: running a pig for president and flying a flag with a green cannabis leaf superimposed over a red star, for example. Another collection of undergraduate activists, Students for a Democratic Society (SDS), denounced the United States as imperialist and embraced the benefits of drugs, free love, and social revolution in bumper-sticker platitudes.

Capp was having none of it. In *Li'l Abner* there suddenly marched a repellent group: Students Wildly Indignant about Nearly Everything (SWINE). These unwashed radicals take over the country when a mysterious substance immobilizes anyone who bathes. Capp also introduced a folksinger named Joanie Phoanie, who urges others to violence while she eats caviar in a stretch limo. Many believed this to be a caricature of song stylist and composer Joan Baez, who threatened to sue for libel (but never did).

Never one to duck a confrontation, Capp journeyed north to a Montreal hotel room, where John Lennon and his new wife, Yoko Ono, were staging a "Bed-In for Peace." After the Lennons received the cartoonist in their pajamas, surrounded by a reverential camera crew, Capp ridiculed the jacket of their latest album, *Two Virgins*, on which they appeared nude. "I think that everybody owes it to the world to show they have pubic hair," he said wryly. "You've done it, and I tell you that I applaud you for it." The exchange grew heated. As Capp left the room, Lennon sang a hostile, slightly altered version of his lyric for "The Ballad of John and Yoko": "Christ, you know it ain't easy / You know how hard it can be / The way things are going / They're gonna crucify *Capp*."

Hardhat iconoclasm became Al's preferred mode of expression: "Anyone who can walk to the welfare office can walk to work." "Abstract art is a product of the untalented, sold by the unprincipled to the utterly bewildered." "I have never actually seen a French New Wave movie, because of my conviction that they are all Doris Day scripts filmed backward." Indeed, to emphasize his take on current events, he wrote and illustrated *The Hardhat's Bedtime Story Book*, aiming it for the pro-Nixon, salt-of-the-earth, blue-collar workers who had always disdained the Left, Old or New. In his little volume, Capp lampooned those he regarded as the leading Limousine Liberals, including Jane Fonda (who became Jane Porna) and Paul Newman (Paul Newleft).

Though the Capps moved to rural New Hampshire, Al spent a lot of time on the road, facing down college students on campuses across the country. "Today's younger generation is no worse than my own," he would begin amiably. Then came the punch line: "We were just as ignorant and repulsive as they are, but nobody listened to us." The reason journalists and retailers had started to pay attention was purely economic: the students "have $13 billion to spend. Never before has it been so profitable to kiss the ass of the kids. Half of the records they go out and buy today are 'hate America' records."

Capp knew that exaggeration is the royal road to attention, but *au fond* he was sincere about his political and social beliefs. Back when Al had tilted against the Right, against Senator Joe McCarthy's irresponsible accusations, and against gluttonous businessmen and establishment politicians, he had been hailed as an exemplar of courage wrapped in comedy. But "when I began to mock the liberals," he observed, "there came a deluge of hate mail which never ended."

Capp had altered far less than the groups he now maligned, though. The Democratic Party, to which he had been loyal for decades, had been taken over by its most radical members. During political debates, the upraised fist and accusatory voice had usurped the place of civilized exchanges. On campus, the enemy was no longer defined as someone who threatened democracy, but as anyone who made the mistake of being over 30. Nevertheless, Al explained, the students he blasted were "not the dissenters, but the destroyers—the less than 4 percent who lock up deans in washrooms, who burn manuscripts

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of unpublished books, who make combination pigpens and playpens of their universities. The remaining 96 percent detest them as heartily as I do."

No doubt Al Capp was a bitter man by the time he reached his seventh decade. The four-pack-a-day smoker was experiencing severe lung trouble. *Li'l Abner* was running out of readers. The increasing leg pain made traveling difficult. Capp's youngest daughter died in her mid-forties, and a beloved granddaughter was killed in a car accident. Yet with all these burdens, his latest assaults were really no more savage than his previous ones. In those strips, the roster of *Li'l Abner* scoundrels had included the aforementioned robber baron J. Roaringham Fatback, the sclerotic Senator Jack S. Phogbound, and the world's richest man, General Bullmoose. Readers and critics greeted these reactionaries with the laughter of recognition. Not until Al started lampooning the likes of Ted Kennedy—whom he called O. Noble McGesture—was his strip accused of losing its sense of humor.

Alas, toward the end the cartoonist damaged his own cause. Invited to lecture at the University of Alabama in Tuscaloosa, he hit on several coeds. Campus officials forced him to leave. At the University of Wisconsin, a married student accused him of trying to molest her, and a judge fined him $500 for "attempted adultery." Syndicated columnist Jack Anderson got wind of these incidents, and in 1971 he ran a story portraying Capp as a dirty old man. Newspapers quietly began to drop *Li'l Abner*. Al got the message and quit in 1977, rather than risk more embarrassment. He explained to readers, "It's like a fighter retiring. I stayed on longer than I should have. I can't breathe anymore." That was an honest self-appraisal. Two years later, he died of emphysema. The newspaper and television obituaries were detailed and affectionate.

In a memorial poem entitled "The Shuttle," John Updike remembered meeting Capp in a sparsely filled commercial airliner and mentioning a social occasion that they had both attended:

> one of those Cambridge
> parties
> where his anti-Ho politics
> were wrong, so wrong
> the left eventually broke
> his heart
>
> I recalled this to him,
> but did not recall how
> sleepy
> he looked to me, how
> tired
> with his peg-legged limp
>
> and rich man's blue suit
> and Li'l Abner shock of
> hair.
> He laughed and said to
> me,
> "And if the plane had
> crashed,
>
> can't you see the
> headline?—
> ONLY EIGHT KILLED
> ONLY EIGHT KILLED:
> everyone
> would be so relieved!"
>
> Now Al is dead, dead,
> and the shuttle is always
> crowded.

Since that time, Capp has become something of a nonperson, at least in elite press outlets. True, connoisseurs of cartoons know his name—there are some 40 books in print anthologizing or analyzing Capp's work. And the U.S. Post Office recognized *Li'l Abner* in 1995 when it chose the strip as an American classic and put it on a 32-cent stamp. But the man himself remains in exile, a sinner who broke from the fold.

A great pity. For Al Capp was, all of his professional life, a soothsayer. Praising the first two-thirds of his work and denigrating the last third is like chortling at the first 60 minutes of a Marx Brothers movie and panning the final 30. Capp had an unerring eye for the poseur in business, in the academy, and in politics—left, right, and center—and his satire was all of a piece. *Abner* doubters and Al haters should take a long look at *The Best of Li'l Abner* and *The World of Li'l Abner* (both can be bought online) and judge for themselves. Capp may have been confoozin' in real life, but for over 40 years his work stayed amoozin'. No other cartoonist has come close to that achievement; it deserves public recognition. Glad to oblige.

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Mr. Mimic

John H. McWhorter

The extraordinary gifts and fleeting legacy of Sammy Davis, Jr.

I never quite got the Sammy thing. Back in the 1970s, "Mr. Sammy Davis, Jr.!" would pop up on television shows singing cheesy songs and making lame jokes about being black, Jewish, and one-eyed. *TV Guide* always trumpeted these appearances; the implication was that the experience would be a special privilege. I could never tell why.

The archives shed some light on what sparked the legend. On Eddie Cantor's *Colgate Comedy Hour* in 1952, after some hoofing and singing, a coltish young Davis launches into an imitation of Cantor so dead-on that it's almost eerie when Cantor prances in, with his clapping hands and trademark "banjo eyes," to finish the number with him. Davis steals the episode, leaving us wanting more even now.

Perhaps we can explain the contrast between Davis's prodigious talents and his ephemeral legacy by observing that his life and work were all about mimicry. Not many years before the *Colgate* appearance, Lionel Hampton, one of Davis's early mentors, had advised him, "Don't imitate nobody. Go be Sammy Davis." But just who was Sammy Davis? A look at his life shows that he was, as Gary Fishgall put it some years ago in the best biography to date, "an ill-formed polyglot." Before the sixties, Davis imitated whites; afterward, as he tried to go with the times, the best he could do was to imitate being black.

Davis was born in Harlem in 1925 but grew up on the road during the waning days of black vaudeville. His mother, caught up in seeking her own fortune as a chorus girl, barely knew him. This left him available to shore up the hoofing routine of his father, Sammy Davis, Sr., and small-time producer Will Mastin. The Will Mastin Trio was one of hundreds of now-anonymous race acts in the thirties and forties. Trotting out a poor man's version of the "flash dancing" that the Nicholas Brothers dazzled at—fancy jumps, splits, and circular maneuvers on the floor, some familiar today from break-dancing—the trio would have become a historical footnote but for Davis. Mastin and Davis's father had brought the kid aboard when they caught him parroting the show at the tender age of three, and when Davis started doing impressions in the middle of the act, the trio's fortunes started climbing. By the late 1940s, the group was getting choice bookings.

Davis's singing was fine and his dancing was better, but it was as the black kid who imitated white stars that he attracted national attention. This has been easy to forget because there are no filmed records of the nightclub appearances on which he rode to stardom and because he largely stopped doing the imitations after the 1960s. But the scattered recordings that catch him at the craft reveal a Rich Little times two. On an album recorded at a Chicago club in 1962, Davis captured Marlon Brando, Jimmy Stewart, and Louis Armstrong so precisely that you'd swear they had walked onstage. He dazzled as well with spot-on renditions of Cary Grant, James Cagney, Billy Eckstine, Nat "King" Cole, and Jerry Lewis. Once, while he was performing on Ed Sullivan's show in the 1950s, the picture feed went out temporarily and left the audience with only sound. Davis was so good that some people thought the celebrities he was mimicking were actually appearing on the show.

But Davis had little interest in burnishing his other talents. Singing, for example: for all the LPs he recorded, he charted few Top Ten hits, having none of the obsession with detail and nuance that Frank Sinatra lavished on his Capitol recordings. Sinatra tried to teach Davis the finer points of singing by playing him opera and the

ROGER-VOLLET/THE IMAGE WORKS

Davis onstage in 1963

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better pop singers, but Davis just wanted to go out and perform.

Some recent critics suggest that Davis's singing is underrated, but they protest too much. It is certainly smooth and professional, but in the end, Davis's recorded oeuvre is—again—mimicry rather than self-expression. (He once said that while it was easy to imitate other singers, he had trouble finding himself when he sang.) His "Something's Gotta Give" is a cute Sinatra imitation. At the beginning of "As Long as She Needs Me," he does an ornamental swoop down a third on "she" that stretches the word into two syllables, a frequent trick of his that channels Eckstine but has no connection with the lyric's claims of selfless devotion. When he tackles "Soliloquy" from Rodgers and Hammerstein's *Carousel*, he manages a fine imitation of a Broadway baritone—but not an actual statement. It's one thing to listen to Davis's recordings in isolation and another to compare them with the work of singers like Sinatra and Rosemary Clooney. Wil Haygood, in another recent biography of Davis, puts it well: "Sammy sang from the neck up, Sinatra sang from the heart up."

As Davis rose to the top of the business in the fifties, even his father and Mastin reinforced a certain formulaic quality in his performances, preserving the fiction of a trio long after he had hit it big as a solo. On the cast album of his first Broadway show, *Mr. Wonderful*, Davis introduces the number "Jacques d'Iraque" by saying, "Dad and Will, let's get together and tell the folks about Jacques d'Iraque." But it's Davis who tears up the house, surely not needing two old guys shuffling at his side singing backup. Mastin insisted on keeping Davis under contract as part of the trio—so even in his most triumphant gigs, he always had two aging hoofers behind him. On the Cantor show, they both take quick solos but are too old to pull off the moves.

As Davis started gamboling in nightclubs with Frank Sinatra, Dean Martin, Peter Lawford, and Joey Bishop, even his imitations became formulaic—in quotation marks, so to speak. Part of the Rat Pack act entailed Davis trying to do imitations, only to be cut off by the boys muscling in with their own self-consciously lame attempts at impersonation. By the seventies, the impersonations were history: Davis was known as a singer and "personality," a weak abbreviation of the performer who had first attracted serious attention as a crack impressionist.

But Davis's copycat essence prevented him from passing from personality to artist. David Denby once wrote in *The New Yorker* that "to become a movie star, an actor needs a certain density, a stubborn, immovable mass of being that an audience can rely on." But as Fishgall observes, "there was no real Sammy"; Davis simply "became whatever people wanted him to be."

Davis's ill-fated television variety show in the mid-sixties was a case in point. A competent example of the genre of the period, the show had a hole in its middle, and it was Sammy himself. He had no individual essence to anchor the proceedings the way Dean Martin, with much less talent, could on his own variety show by just meandering out with a cigarette, a drink, and a grin. Sammy opens one episode singing an "Ol' Man River" intended to be ruminative; it comes off instead as mannered. In a medley duet by Davis and Mel Tormé, only Tormé communicates something and comes off as a serious talent. In the same episode, we see Gordon MacRae singing through a head cold; his wife, Sheila, doing the worst imitation of Carol Channing in recorded history; and bug-eyed black comedian Timmie Rodgers doing a chitlin'-circuit act hinging on frequent interpolations of "Oh yeah!" Yet all these performers register more strongly than Davis, who seems more like a guest himself.

For Davis, performing was about the audience's approval, nothing more. Performers like this do not stand the test of time. Watching a similar case, Al Jolson, strutting and bellowing through his films, we strain to comprehend why he was once billed—as Davis often was—

Mr. Nojangles: Richard Nixon grooving with Davis at the Republican National Convention in 1972

TIME & LIFE PICTURES/GETTY IMAGES

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as the World's Greatest Entertainer. Once fashions in humor and music change, a performer with little inside but hunger for applause leaves nothing to speak to the ages.

Around the time of his variety-show stint, Davis wooed audiences with jokes about his being black and Jewish. "Can you imagine each morning getting out of bed never knowing whether you want to be shiftless and lazy or smart and stingy?" he asked. "And you ain't lived 'til you've tried kosher watermelon." By 1967, anyone who found that funny was behind the times: black comedians like Dick Gregory and Redd Foxx had already pushed black humor into realms of irony and pathos foreign to Davis. "I never heard a sardonic word come out of Sammy's mouth," actor Ben Gazzara once said.

That absence of irony was the root of what many blacks viewed as Davis's principal failing: coming up short on "black identity." In post–civil rights America, maintaining this "identity" has often been a layered, ironic affair. As you contemplate a nation with an ever-larger black middle class, more and more interracial relationships, and biracial people as commonplaces (and today, a black man in the White House), thinking of yourself as a member of a race barred from meaningful participation in society requires a certain amount of elision and doubletalk. Davis, so ingenuous as to believe that he was "dancing down the barriers between us," was not equipped for the subtle equipoise between rebel and joiner that many blacks since the 1960s have adopted as a sign of informed racial consciousness.

To be sure, one must also take Davis's times into account. In the fifties, he was proud to dismiss the charge that he wasn't a "corner guy," to acknowledge that he openly aspired beyond the working-class black world. This sounds potentially elitist and "un-black" today, when successful blacks are not unknown to signal as much allegiance with the corner as possible to earn their authenticity stripes. (Witness Barack Obama's displaying a relationship with hip-hop during his campaign.) But before the 1960s, the idea that the street was the quintessence of blackness had yet to become a mainstream conviction; it was a notion that wasn't yet dominant on the street itself.

Davis did have some indications of what we now know as race consciousness. He moved through a world in which he couldn't attend many of the clubs he played—even in New York—but after the mid-fifties, he refused to play whites-only clubs, giving up money that he always needed. He participated, albeit with prompting from Harry Belafonte, in a second Selma-to-Montgomery march, two weeks after the first one had resulted in violence that Davis was scared to his socks would be repeated. And the Sammy who kissed Archie Bunker in his famous guest spot on *All in the Family* chalked one up against old-style bigotry—leaving Archie helplessly appalled and stunned, and the audience howling, before the final commercial break.

Yet Davis's racial consciousness remained only, as it were, skin-deep. Take the photo of Sammy ardently hugging a grinning Richard Nixon from behind at the Republican National Convention in 1972. Blacks responded to the image with a hailstorm of contempt that Davis never quite lived down: How could he cozy up to a Republican president considered grievously unconcerned with race? The real story was more nuanced. Moments before the picture was taken, Nixon had announced that Sammy Davis could not be bought and that he had come into Nixon's corner in a sincere quest for the betterment of the black race. Davis did believe that Nixon was more committed to black well-being than his public reputation suggested. Unsurprisingly for someone who grew up in a theater trunk and had little education, he was not a news junkie, equipped to assess the extent to which Nixon's interest in blacks was more political than heartfelt. Even if he had been, he might have been practical enough to be more interested in results than in feelings.

But even with our historical glasses on, Davis's cavorting with the Rat Pack is almost unbearable. For all its resonance in legend, the Rat Pack's act was captured in

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picture and sound just once, in a 1965 benefit that Sinatra organized in St. Louis and that CBS happened to film. Sinatra and Dean Martin play the big boys, smirkily condescending to Davis, who alternates between playing the wide-eyed acolyte and joshingly threatening protest marches, as if the Selma tragedy just a few months before were something to be joked about. Davis saunters across the stage with a glass of liquor, crowing, "If this doesn't straighten my hair, nothing will." Soon afterward, Martin carries him back on in his arms, saying, "I'd like to thank the NAACP for this lovely award." "Put me down!" Davis objects, but it's not enough—he let himself be picked up, after all.

For Davis, the important thing was getting to hang around with famous white people. In fact, one inconvenient obstacle between Davis and an engaged black identity was that he wished he were white. That charge is usually leveled by blacks at one another out of malice; but in Davis's case, it was simple fact. "Damn, I wish I weren't black!" he reported crying to himself sometimes when he encountered bigotry. He was fond of affecting an English accent. Black performers rarely imitated whites when Davis hit the big time; in his case, it seems that imitation was indeed the sincerest form of flattery.

For the worshipful Davis, Sinatra was a kind of Great White Father figure, though Ol' Blue Eyes clearly didn't give a damn about him. After Davis lost his eye in a car accident, Sinatra had to be told to visit him in the hospital. When Davis wanted to opt out of a bibulous evening with Sinatra to see his current beloved, Kim Novak, Sinatra, an occasional flame of hers, called her for a rendezvous right in front of Davis; she readily accepted, breaking the date with Davis and breaking his heart. Yet even in the late sixties, Davis delivered one of his signature songs with the line "I've gotta be me—but I'd rather be him," pointing to the Chairman of the Board. Imagine Don Cheadle—who played Davis in HBO's Rat Pack movie—saying that about, say, George Clooney today.

The conversion to Judaism was just more of this white fever. "I wanted to be a Jew because I wanted to become part of a 5,000-year history . . . which would give me that inner strength to turn the other cheek," Davis said. "Jews have become strong over their thousand years of oppression and I wanted to become part of that strength." Leave aside the question of whether one can become part of a history through conversion. Was black America in the fifties an unpromising place for someone seeking to strengthen himself by fighting oppression?

In a sad statement that defined the rest of his life, Davis commented in the seventies, "You know, I've worked all my life to be white, and now black is beautiful." His response was to add a new impression, the "soul brother," to the act that was his life. Now he wore his hair natural. He also remarried. His earlier marriage to Swedish actress May Britt had slapped the Uncle Tom label on him, and in this new era of Black Power, the charge acquired so potent a sting that it threatened his career; hence the second marriage, to younger black dancer Altovise Gore. For the rest of his life, Davis mentioned Altovise so obsessively in appearances that I'd bet that more black people over 40 know Sammy Davis's wife's name than know what SNCC stands for—despite the fact that the marriage was an essentially open one, short on passion.

Davis's new imperatives even distorted the facts in the most popular account of his life, *Yes, I Can*, an autobiography published in 1965. In one memorable section, Davis describes suffering constant abuse from whites he bunked with in the army. But the army was strictly segregated at the time, and while Davis claimed to have been in a special integrated unit, Fishgall checked the records of Davis's company and found no such unit—besides which, after just one of the beatings Davis described, he presumably would have been transferred to a black unit. Davis might well have had an ugly run-in or two. But he embroidered his army life into a tale of living day and night with racist pigs, hoping to appease the increasingly militant black America that dismissed him as an anachronistic sellout.

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One might try, as both Fishgall and Haygood do, to wrest from Davis's feckless trajectory an idea of him as the embodiment of the races coming together in America. There is a grain of truth in the idea. Davis was a pioneer in engaging white audiences directly, having noticed that black performers tended to address only one another on stage, maintaining a fourth wall between themselves and white audiences.

Also, despite his adulation of white ways, Davis was always a more identifiably "black" performer than, say, Johnny Mathis. At New York's Museum of Television and Radio, I watched a showing of the St. Louis Rat Pack concert. In the row ahead of me sat two elderly women; and in the row behind, a twentysomething Williamsburg-type couple wearing T-shirts. At one point, Davis did "I've Got You Under My Skin," first singing it straight and then launching into an extended scat sequence, chanting rhythmically in a trancelike state, arms extended, fingers snapping, head tilted back, eyes half shut. In other words, Sammy was "getting down" in a style reminiscent of Bobby McFerrin. About halfway through, one of the hipsters behind me said, "Cool!" A moment later, one of the old women said, "Enough of this is enough"—Sammy was too black for those minted in the era of *Mad Men*. The old ladies were the past; the hipsters, in their embrace of Davis's beatnik aspect, were the future.

But this is about as far as crossover analysis of Davis can stretch. Fishgall concludes that "his music—redolent with the tunes of Newley-Bricusse, Porter, Gershwin, and Rodgers and Hart—was not the sound of the inner city. His humor, for all the black references and Amos and Andy dialect, worked better with Caucasians than with 'his people.'"

In some ways, Davis's inability to get with the times looks better today than it did then. For example, despite all the jokes about having the NAACP behind him, Davis didn't join the celebration of the lowest as the blackest, which is one of the less fortunate ways that the races have come together in a country where 70 percent of the people who cherish thuggish varieties of rap as vibrantly real and political are white. In the 1973 documentary *Save the Children*, about a benefit concert for Jesse Jackson's new Operation PUSH, we see Davis—having just endured some booing from the crowd about the Nixon photo—delivering the Black Power salute in what Haygood calls "macho pantomime." Given the thin and questionable legacy of Black Power politics beyond the early seventies, perhaps Davis was right merely to give it a wink.

The problem was that after a while, he did everything with that wink. His efforts to keep up with the times remained gestural. He indulged in the "turn on, tune in, drop out" fad by doing heavy drugs and engaging in kinky sex with porn star Linda Lovelace. But he continued living in compulsively high style despite the antimaterialism at the heart of the countercultural movement. He became a serious alcoholic. In 1973, at a Caesar's gig, he could barely get through a hot tap routine. His hip gave out, and by the early eighties, one reporter described a "tiny, wraith-like" figure carrying a full line of Campbell's soups on his tours. Finally, his four-pack-a-day smoking habit led to throat cancer, which killed him, 20 years ago this spring, at 64.

Haygood eloquently captures the essence of Davis by quoting the biological definition of mimicry: "The resemblance of one organism to another or to an object in its surroundings for concealment and protection from predators." When the predators were whites in pre–civil rights America, Davis aped them frantically and eagerly served as the Rat Pack's colored mascot. When the times changed and blacks became his predators as much as whites, Sammy, a chameleon to the end, bought some dashikis and got himself a black trophy wife. Far from reflecting the unfolding story of race in America, all this was no more than a series of encores by the talented lad who once became Eddie Cantor before our eyes. □

ARENAPAL/TOPHAM/THE IMAGE WORKS

Davis cavorting with the Rat Pack

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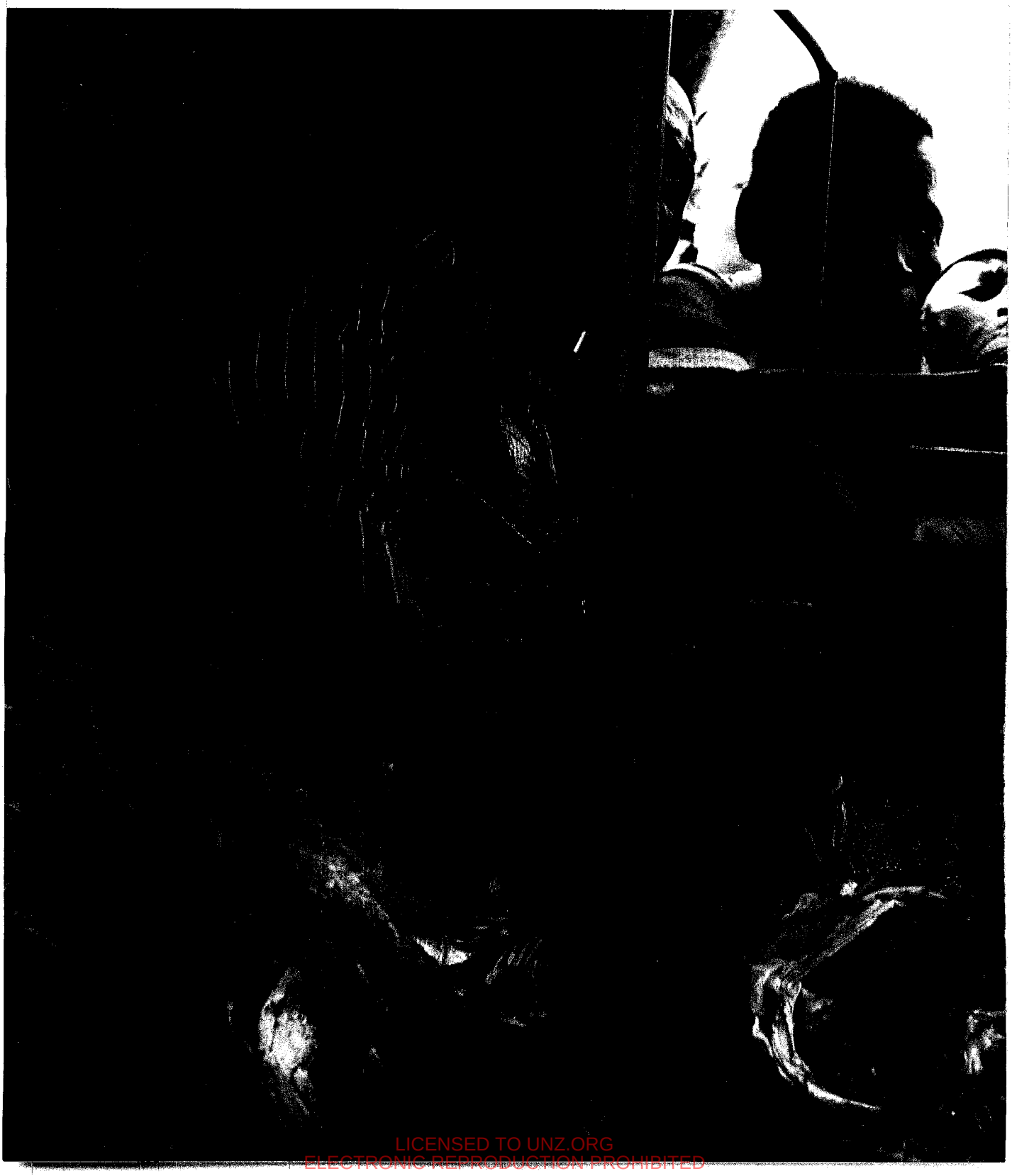
Oh, to be in England



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Sympathy Deformed

Theodore Dalrymple

Misguided compassion hurts the poor.

To sympathize with those who are less fortunate is honorable and decent. A man able to commiserate only with himself would surely be neither admirable nor attractive. But every virtue can become deformed by excess, insincerity, or loose thinking into an opposing vice. Sympathy, when excessive, moves toward sentimental condescension and eventually disdain; when insincere, it becomes unctuously hypocritical; and when associated with loose thinking, it is a bad guide to policy and frequently has disastrous results. It is possible, of course, to combine all three errors.

No subject provokes the deformations of sympathy more than poverty. I recalled this recently when asked to speak on a panel about child poverty in Britain in the wake of the economic and financial crisis. I said that the crisis had not affected the problem of child poverty in any fundamental way. Britain remained what it had long been—one of the worst countries in the Western world in which to grow up. This was

A scramble for rotting fish: decades of foreign aid have not helped Tanzanians.

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not the consequence of poverty in any raw economic sense; it resulted from the various kinds of squalor—moral, familial, psychological, social, educational, and cultural—that were particularly prevalent in the country (see "Childhood's End," Summer 2008).

My remarks were poorly received by the audience, which consisted of professional alleviators of the effects of social pathology, such as social workers and child psychologists. One fellow panelist was the chief of a charity devoted to the abolition of child poverty (whose largest source of funds, like that of most important charities in Britain's increasingly corporatist society, was the government). She dismissed my comments as nonsense. For her, poverty was simply the "maldistribution of resources"; we could thus distribute it away. And in her own terms, she was right, for her charity stipulated that one was poor if one had an income of less than 60 percent of the median national income.

This definition, of course, has odd logical consequences: for example, that in a society of billionaires, multimillionaires would be poor. A society in which every single person grew richer could also be one in which poverty became more widespread than before; and one in which everybody grew poorer might be one in which there was less poverty than before. More important, however, is that the redistributionist way of thinking denies agency to the poor. By destroying people's self-reliance, it encourages dependency and corruption—not only in Britain, but everywhere in the world where it is held.

I first started thinking about poverty when I worked as a doctor during the early eighties in the Gilbert Islands, a group of low coral atolls in an immensity of the Central Pacific. Much of the population still lived outside the money economy, and the per-capita GDP was therefore extremely low. It did not seem to me, however, that the people were very poor. Their traditional way of life afforded them what anthropologists call a generous subsistence; their coconuts, fish, and taros gave them an adequate—and, in some respects, elegant—living. They lived in an almost invariant climate, with the temperature rarely departing more than a few degrees from 85. Their problems were illness and boredom, which left them avid for new possibilities when they came into contact with the outside world.

Life in the islands taught me a lively disrespect for per-capita GDP as an accurate measure of poverty. I read recently in a prominent liberal newspaper that "the majority of Nigerians live on less than $1 a day." This statement is clearly designed less to convey an economic truth than to provoke sympathy, evoke guilt, and drum up support for foreign aid in the West, where an income of less than $1 a day would not keep body and soul together for long; whereas it is frequently said that one of Nigeria's problems is the rapid increase in its population.

As it happens, an island next door (in Pacific terms) to the Gilbert Islands was home to an experiment in the sudden, unearned attainment of wealth. Nauru, a speck in the ocean just ten miles around, for a time became the richest place on earth. The source of its sudden riches was phosphate rock. Australia had long administered the island, and the British Phosphate Commission had mined the phosphate on behalf of Australia, Britain, and New Zealand; but when Nauru became independent in 1968, the 4,000 or so Nauruans gained control of the phosphate, which made them wealthy. The money came as a gift. Most Nauruans made no contribution to the extraction of the rock, beyond selling their land. The expertise, the management, the labor, and the transportation arrived from outside. Within just a few years, the Nauruans went from active subsistence to being rentiers.

The outcome was instructive. The Nauruans became bored and listless. One of their chief joys became eating to excess. On average, they consumed 7,000 calories per day, mainly rice and canned beef, and they drank Fanta and Château d'Yquem by the caseload. They became the fattest people on earth, and, genetically predisposed already to the illness, 50 percent of them became diabetic. It was my experience of Nauru that first suggested to me the possibility that abruptly distributing wealth has

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psychological effects as well as economic ones.

next spent a few years (1983 to 1986) in Tanzania, a country that presented another experiment in treating poverty as a matter of maldistribution. Julius Nyerere, the first—and, until then, the only—president, had been in charge for more than 20 years. His honorific, *Mwalimu*—Teacher—symbolized his relation to his country and his people. He had become a Fabian socialist at the University of Edinburgh, and a more red-blooded one (according to his former ally and foreign minister, Oscar Kambona, who fell out with him over the imposition of a one-party socialist state) after receiving a delirious, orchestrated reception in Mao's China.

One can say a number of things in Nyerere's favor, at least by the standards of postindependence African leaders. He was not a tribalist who awarded all the plum jobs to his own kind. He was not a particularly sanguinary dictator, though he did not hesitate to imprison his opponents. Nor was he spectacularly corrupt in the manner of, say, Bongo of Gabon or Moi of Kenya. He was outwardly charming and modest and must have been one of the only people to have had good personal relations with both Queen Elizabeth II and Kim Il-sung.

Nyerere wished the poor well; he was full of sympathy and good intentions. He thought that, being so uneducated, ignorant, and lacking in resources, the poor could not spare the time and energy—and were, in any case, unqualified—to make decisions for themselves. They were also lazy: Nyerere at one point complained about the millions of his fellow countrymen who spent half their time drinking, gossiping, and dancing (which suggested to me that their lives were not altogether intolerable).

But Nyerere knew what to do for them. In 1967, he issued his famous Arusha Declaration, named for the town where he made it, committing Tanzania to socialism and vowing to end the exploitation of man by man that made some people rich and others poor. On this view of things, the greater accumulation of wealth, either by some individuals or by some nations, could be explained only by exploitation, a morally illicit process. The explanation for poverty was simple: some people or nations appropriated the natural wealth of mankind for themselves. It was therefore a necessary condition of improvement, as well as a form of restitution, that they no longer be allowed to do so and that their wealth be redistributed. So Tanzania nationalized the banks, appropriated commercial farms, took over all major industry, controlled prices, and put all export trade under the control of paragovernmental organizations.

There followed the forced collectivization of the rural population—which is to say, the majority of the population—into *Ujamaa* villages. *Ujamaa* is Swahili for "extended family"; as Nyerere insisted, all men were brothers. By herding the people into collectivized villages, Nyerere thought, the government could provide services, such as schools and clinics. After all, rich countries had educated and healthy populations; was it not evident that if the Tanzanian people were educated and healthy, wealth would result? Besides, collectively the villagers could buy fertilizer, perhaps even tractors, which they never could have done as individuals (assuming, as Nyerere did, that without government action there would be no economic growth). Unfortunately, the people did not want to herd fraternally into villages; they wanted to stay put on their scattered ancestral lands. Several thousand were arrested and imprisoned.

The predictable result of these efforts at preventing the exploitation of man by man was the collapse of production, pauperizing an already poor country. Tanzania went from being a significant exporter of agricultural produce to being utterly dependent on food imports, even for subsistence, in just a few years. Peasants who had once grown coffee and sold it to Indian merchants for soap, salt, and other goods uprooted their bushes and started growing meager amounts of corn for their own consumption. No reason existed for doing anything else because growers now had to sell their produce to paragovernmental procurement agencies, which paid them later, if at all, at derisory prices in a worthless currency that peasants called "pictures of Nyerere."

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Nyerere blamed shortages of such commonplaces as soap and salt on speculators and exploiters, rather than on his own economic policies. He made the shortages the pretext for so-called crackdowns, often directed at Indian traders, which eventually drove them from the country. Nyerere's policies were no more soundly based than those of Idi Amin, who drove out the Indians more brutally. Anti-Semitism, it has often been said, is the socialism of fools. I would put things another way: socialism is the anti-Semitism of intellectuals.

With foreign exchange exhausted, only the funds that the honey-tongued Nyerere continued to obtain from the World Bank and foreign donors enabled the country to avoid mass starvation. By the time I reached Tanzania, the country had become completely dependent on handouts. Aid represented two-thirds of Tanzania's foreign-exchange earnings; one might say that its largest export was requests for such aid. In the rural area where I lived, the people dressed in hand-me-downs sent by European charities. A single egg was a luxury. One of the goals that had induced Nyerere to move to socialism, ironically, was national "self-reliance."

The foreign aid that allowed Nyerere's policies to continue well after the economic disaster was evident had precisely the baleful effects that Peter Bauer, the development economist who contradicted the professional orthodoxies of his time, predicted. The aid immensely increased the power of the sole political party by giving its officials control over scarce goods. When I was in Tanzania, you needed political connections to buy even a bottle of beer—the famous local monopoly brand, Safari, which, the saying went, caused you to pass directly from sobriety to hangover without passing through drunkenness. The regime provided ample opportunities for corruption. Most Tanzanians were slender; you could recognize a party man by his girth.

Thanks to foreign aid, a large bureaucracy grew up in Tanzania whose power, influence, and relative prosperity depended on its keeping the economy a genuine zero-sum game. A vicious circle had been created: the more impoverished the country, the greater the need for foreign aid; the greater the foreign aid, the more privileged the elite; the more privileged the elite, the greater the adherence to policies that resulted in poverty. Nyerere himself made the connection between privilege and ruinous policies perfectly clear after the International Monetary Fund suggested that Tanzania float its currency, the Tanzanian shilling, rather than maintain it at a ridiculously overvalued rate. "There would be rioting in the streets, and I would lose everything I have," Nyerere said.

Long years of living under this perverse regime encouraged economically destructive attitudes among the general population. While I was impressed by the sacrifices that Tanzanian parents were willing to make to educate their children (for a child to attain a certain stage of education, for example, a party official had to certify the parents' political reliability), it alarmed me to discover that the only goal of education was a government job, from which a child could then extort a living from people like his parents—though not actually from his parents, for he would share his good fortune with them. In Tanzania, producing anything, despite the prevailing scarcity of almost everything, became foolish, for it brought no reward.

When I returned to practice among the poor in England, I found my Tanzanian experiences illuminating. The situation was not so extreme in England, of course, where the poor enjoyed luxuries that in Tanzania were available only to the elite. But the arguments for the expansive British welfare state had much in common with those that Nyerere had used to bring about his economic disaster. The poor, helpless victims of economic and social forces, were, like Ophelia in the river, "incapable of their own distress." Therefore, they needed outside assistance in the form of subsidies and state-directed organizations, paid for with the income of the rich. One could not expect them to make serious decisions for themselves.

This attitude has worked destruction in Britain as surely as it has in Tanzania. The British state is today as much

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a monopoly provider of education to the population as it is of health care. The monopoly is maintained because the government and the bureaucratic caste believe, first, that parents would otherwise be too feckless or impoverished to educate their children from their own means; and second, that public education equalizes the chances of children in an otherwise unequal society and is thus a means of engineering social justice.

The state started to take over education in 1870, largely because the government saw a national competitor, Prussia, employing state power to educate its children. But practically all British children went to school already: according to the calculations of economist and historian E. G. West, 93 percent of the population was by then literate. It is true that the British state had started providing support to schools long before, but in 1870, 67 percent of school income still came from the fees that parents paid.

Not all British children received a good education before the state intervened: that was as vanishingly unlikely then as it is today. But it is clear that poor people—incomparably poorer than anyone in Britain today—were nonetheless capable of making sacrifices to carry out their highly responsible decisions. They did not need the state to tell them that their children should learn to read, write, and reckon. There is no reason to suppose that, left alone, the astonishing progress in the education of the population during the first three-quarters of the nineteenth century would not have continued. The "problem" that the state was solving in its destruction of the voluntary system was its own lack of power over the population.

As in Tanzania, the state-dominated system became self-reinforcing. Because of the high taxation necessary to run it, it reduced the capacity and inclination of people to pay for their own choices—and eventually the habit of making such choices. The British state now decides the important things for British citizens when it comes to education and much else. It is no coincidence that British advocates of the cradle-to-grave welfare state were great admirers of Julius Nyerere—who, incidentally, has been proposed for Roman Catholic canonization, thus bringing close to reality Bauer's ironic reference to him as Saint Julius.

he only time I ever saw Nyerere in person was in Dodoma, the dusty town designated to become Tanzania's new capital. He was expected to drive by, and by the side of the road sat a praise singer—a woman employed to sing the praises of important people. She was singing songs in praise of Nyerere, of which there were many, with words such as: "Father Nyerere, build and spread socialism throughout the country and eliminate all parasites."

The great man drove past in a yellow Mercedes. The praise singer was covered in dust and started to cough.

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Letters

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To the editor:

I'm still not convinced [Bradley A. Smith, "In Defense of Political Anonymity," Winter 2010]. Campaign contributions large enough to grab access (at a minimum) and influence are the preserve only of the rich and of corporations. Whether or not there is an airtight, demonstrable connection between large contributions and political influence, there is no need to offer such an obvious avenue to potential corruption. And even those anonymous writers of *The Federalist Papers* were well aware that the wealthy can exercise a disproportionate effect on polities and need to be reined in. If the floor threshold for disclosure needs raising, so be it. But there is a clear public interest in being able to see who is making large political contributions. Ask yourself: Would you be calmly content to know that George Soros had decided to inject, say, $1 billion anonymously to sway an election? Or that Microsoft had decided to put billions into anonymously pushing for the election or appointment of judges and SEC personnel who it figured would be kind to its point of view? Remembering, of course, that anonymity is protection from public view; the beneficiaries will know well who is buttering their bread.

Howard Isaacs
Brooklyn, NY

Bradley A. Smith replies:

Americans have spent most of our history not knowing who was contributing to political campaigns. People did not know who contributed to the campaigns of Abraham Lincoln, Teddy Roosevelt, Franklin Roosevelt, Harry Truman, Dwight Eisenhower, or John F. Kennedy, or to the Senate campaigns of Hubert Humphrey, Everett Dirksen, or the other giants of that chamber. In fact, few Americans really pay any attention to disclosure information today. Would I be content to know that George Soros injected $1 billion into an election? Well, as it is, I know now that he's injected millions into elections, and it doesn't bother me terribly; nor would it bother me terribly not to know this. I look at the candidate.

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Mr. Isaacs's hypothetical is, in any case, unrealistic: no corporation or individual in U.S. history has ever injected anything remotely close to $1 billion into a campaign. He also ignores the type of natural remedy that might exist. The injection of such large sums would surely spark news articles: Who is funding candidate X's ad blitz? The public could then discount the message as it saw fit.

Now, maybe a $1 billion (or even $10 million, or $1 million) contribution *should* be disclosed. The point is that, as in most of life, there are costs as well as benefits. At the present time, we are nowhere near such disclosure thresholds. Rather, disclosure is enforced in many states at just a few dollars, and, if anything, the pressure is on to go still lower. If Mr. Isaacs agrees with me that such thresholds are far too low (as he implies that perhaps he does), I hope he will join me in pushing for more realistic thresholds, rather than fight me on the basis of some distant hypothetical.

That Murderous Town

To the editor:

Thank you for accurately and insightfully writing about the hard realities of Chicago's black communities [Heather Mac Donald, "Chicago's Real Crime Story," Winter 2010]. As a Chicago police officer who has spent the past year working in the city's most violent neighborhoods, I cannot begin to tell you how refreshing it is to read the brave words of a journalist who has obviously bothered to get her hands dirty by interacting with the members of these communities and observing, firsthand, the complete

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breakdown of values. These power-hungry community groups and pastors have poisoned an entire group of people (their own group of people) by making them think that they are being singled out in their communities based on skin color. There is no demon or enemy left to fight but themselves, and that's exactly what they're doing—killing one another. It has come to the point where speaking to most of these young people is about as fruitful as banging your head against a stone wall. All they know is violence and anger and revenge for what has been done to them. They don't know right from wrong, let alone anything about responsibility and duty and honor; yet they blame the government, the police, and whites. They run from the police, fight them, and shoot at them. Even fear of capture or death does not seem to quell the fury in these neighborhoods. This is the devolution of human beings before our very eyes. And these "poor schoolchildren" are becoming the most accomplished criminals. The schools are akin to free-range prisons.

Sorry, I just got off work.

We never get such honest journalism here in our own backyard—too much fear from the powers that be (Daley and the gang), I suppose. Thank you again for your honesty, bravery, and well-composed words.

Jessica M. Brady
Chicago, IL

To the editor:

I greatly admire your work and wholeheartedly agree with your analyses, with the following exception: much is made of the "disappearing" father, while too little is made of the promiscuous mother. Unless all these mothers are being raped (including statutory rape), there's a whole lot of consensual sex going on. Yet I hear nothing of the mothers' responsibilities to educate their daughters regarding the almost certain consequences of unprotected, premarital sex. Am I wrong? Did the advent of birth control never happen? What you overlook, I think, is that these girls want to get pregnant, repeatedly. Stop that, and the absence of the would-have-been fathers is irrelevant.

Bryan Heathcotte
Glendale, AZ

To the editor:

I pulled up your article hoping to read why community organizing has not stemmed Chicago's youth violence. Instead what I get is that the current president of the United States is to blame. How dare you! What about all the other community activists who were working on the same issues during the same period—why weren't their names mentioned? Has it become public policy to blame President Obama for every failure that has taken place over the last 20 years? The youth violence in Chicago and other urban areas is not about the president's community organizing; it is about the economy, the lack of parenting skills, and the overindulgent welfare system that will pay a man who is perfectly capable of working $100 a month and give him $200 in food stamps. Where is the justice in that? Urban problems exist because of the disproportion of education funds allocated to inner-city schools, schools where the teachers are underpaid and overworked.

Youth violence exists because cities would rather spend money on making sure that their sports facilities are state-of-the-art or that their downtown areas are suitable for out-of-town visitors. None of that money is invested in inner-city youth programs or programs that will give these children something to do or to look forward to.

Ms. Mac Donald, I don't know what your nationality is, but I am African-American and have lived in the inner city all my life. I have watched the city that I love decay before my eyes, and I take full responsibility for any part that I played. But to blame people who were trying to make a difference, people who more than likely had limited or no resources to make a difference, is irresponsible and is more than likely based on your dislike of the president and not on the facts.

Pamela Johnson
Indianapolis, IN

Heather Mac Donald replies:

Pamela Johnson provides a reprise of the very problem I was describing in my article. She discusses the article without once mentioning its subject matter—the inner-city epidemic of fatherlessness—just as Obama spent four years purporting to address community problems on Chicago's Far South Side without once acknowledging

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the family breakdown at their core. As I stated in the piece, Obama was hardly unique in his blindness to the scourge of father absence; to the contrary, he was emblematic not only of what Ms. Johnson calls "all the other community activists who were working on the same issues during the same period" but of policymakers to this day. Chicago and every other big city invest plenty in "inner-city youth programs," *pace* Ms. Johnson. But unless society figures out a way to revalorize the role of fathers in child rearing, we could give every child his own personal social worker without denting the anarchy to which the systemic absence of fathers and marriage inevitably leads.

I agree in part with Bryan Heathcotte: to the extent that females get pregnant without any expectation that the father of their child will stick around to rear the child, they are equally complicit in the breakdown of marriage. We can thank elite feminists for this widespread notion that fathers are an optional app for the extraordinarily difficult challenge of raising self-disciplined, law-abiding children.

Seize and Desist

To the editor:

I don't disagree with much of what Nicole Gelinas has written ["Eminent Domain as Central Planning," Winter 2010]. But while New York law might require a finding of "blight" before the property can be taken from a private owner and transferred to another, also private, owner, the U.S. Supreme Court, in interpreting the just compensation clause, has no such requirement. In the *Kelo* case, the New London authorities never even claimed that the residential neighborhood was "blighted." Apparently, that wasn't necessary under Connecticut law, nor did the Court see it as necessary. Similarly, in a previous case arising out of land held by the Dole company in Hawaii (which the state desired to turn into residential housing that would be privately owned), neither Hawaii law nor the Supreme Court required that the land at issue, which was productive crop land, be deemed "blighted."

Also, Gelinas describes how the meaning of "public use" was stretched in the 1930s. But colonial and early state laws allowed landowners to build dams for mills on their property, flooding (and effectively taking) the land of their upstream neighbors. Similarly, privately owned mining companies were given the right to use eminent domain. And, of course, throughout the nineteenth and twentieth centuries, canal companies—and then railroad companies, even when privately owned—were allowed to use eminent-domain powers by the states and the federal government, and courts upheld it.

Ruddyturnstone
New York, NY

To the editor:

I agree with you, without reservation, that eminent domain must be curbed. But I question that there is much of a "deeper problem: government officials' belief that central planning is superior to free-market competition." I doubt that most government officials think that deeply. They are opportunists without guiding principles. They want advantage for powerful constituencies that will help them stay in office with campaign contributions and other assistance. I believe it's that simple.

David Sucher
Seattle, WA

Nicole Gelinas replies:

Mr. Ruddyturnstone correctly notes that the U.S. Constitution, at least as the Supreme Court has interpreted it, holds states to an eminent-domain standard that is so loose as to be nearly nonexistent. However, in the Court's 2005 *Kelo* ruling, it said that states are free to hold themselves to a higher standard. Many have done so. New York theoretically does hold itself to a higher standard. But in the Atlantic Yards case in Brooklyn, as well as in previous cases, courts have not upheld that principle. Mr. Ruddyturnstone is also correct to say that creative use and abuse of eminent domain existed before the twentieth century. However, government's rampant abuse of "blight" and other factors to clear "slum" neighborhoods that governments coveted began then and has expanded since.

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Never Brought to Mind

John V. Fleming

I lived in Paris for most of the fall and winter, "writing a book"—the trusted rationalization that has enabled so much self-indulgence over the years. Paris is not hardship duty, once you realize that a second mortgage will be required if you want a sit-down cup of coffee in a café. (If you are willing to stand at the bar, a lien on your car will sometimes suffice.) A few days before Christmas, I stepped out onto the avenue de Suffren and turned toward the fruit stall about 20 yards away. I had been writing, in a desultory fashion; but my train of thought was repeatedly derailed by an eccentric but insistent impulse to go out and buy a pineapple. Only after a protracted struggle did I surrender to it. I had taken two strides toward the pineapples when I ran into a former Princeton student, now a Washington lawyer, accompanied by her parents. They had arrived the previous night to spend the holiday in Paris and were now walking straight toward me, down Suffren, in the mistaken belief that it would lead them to the Eiffel Tower.

That I immediately recalled her name was remarkable, but chance meetings with former students are so common that I have come half to expect one whenever I am in an interesting place. Just a few of the interesting places to date—excluding all New York venues, a dime a dozen—are the Santa Fe Opera, the Cleveland Art Museum, the Barcelona metro, an obscure trattoria in Siena, the Vinalhaven ferry in Maine, a hiking trail in Sonoma County, and a gas station in Heber Springs, Arkansas.

The persistence and frequency of these encounters might strike one as uncanny, but theoreticians of "synchronicity" (such as Arthur Koestler in *The Roots of Coincidence*) explain it away. Sociology and demography immediately reduce the odds from the billions to one to the mere hundreds of millions to one. After all, college graduates are more likely than some others to hang out in effete opera houses and art museums and Arkansas gas stations; most of the world never visits such places at all. Yet even if the supernatural status of these incidents is in doubt, I have nonetheless come to take an enormous pleasure in the manifestations of a highly selective celebrity that is among the spiritual rewards—the only ones worth talking about—of a long teaching career. Such encounters restore the merit to emeritus.

In Paris, I had the rare experience of recognizing my recognizer immediately. The usual experience is confrontation with a complete stranger uttering an unassailable truth: "Professor Fleming! You won't remember me, but . . ."

Sometimes the incomprehension is mutual, as was the case in O'Hare Airport a decade ago. I was standing in one of those curious lanes of two-way traffic in which one lane is heading for the exit while the other, having passed security, is heading toward the departure gates. Across the great divide, moving south as I moved north, was a distinguished-looking fellow with a Gucci briefcase and an expensive overcoat. Upon seeing me, he had what appeared to be a myoclonic seizure. "Professor Uhh," he shouted. "Professor Uhh . . . Uhh, Professor, I knew you at Princeton!"

HENRI CARTIER-BRESSON/MAGNUM PHOTOS

I had no idea who this man was, yet I hesitated, awkwardly, aware of the possible menace to navigation. As in his enthusiasm he seemed to be threatening to vault over a Plexiglas security barrier, a few people in his lane, incipient rubberneckers, likewise paused to observe.

"You taught me 'Money and Banking'! *You changed my life* . . ." he blurted out for all to hear.

Such an accolade must be music to any teacher's ears, but eager as I was to accept the flattery, his statement seemed improbable to me for a simple reason: my field is medieval European literature. Still, when it comes to warm and fuzzy, you take what you can get.

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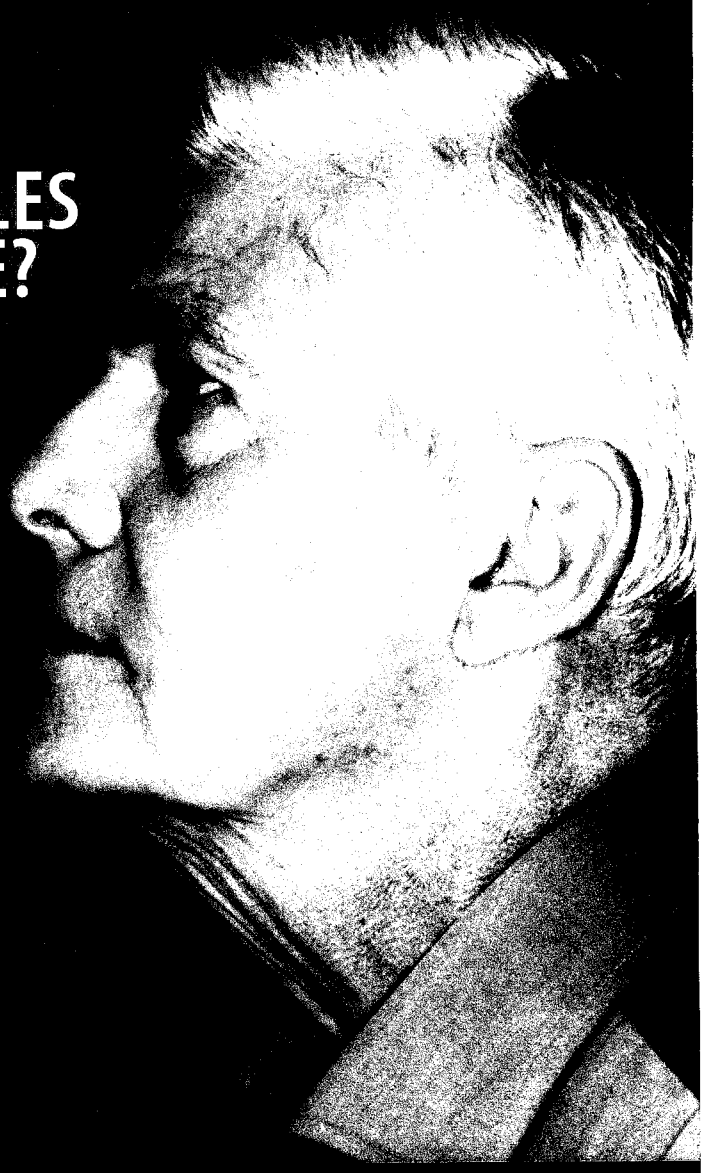

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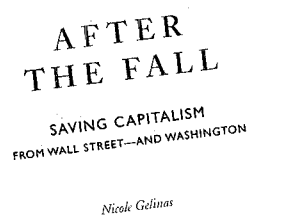

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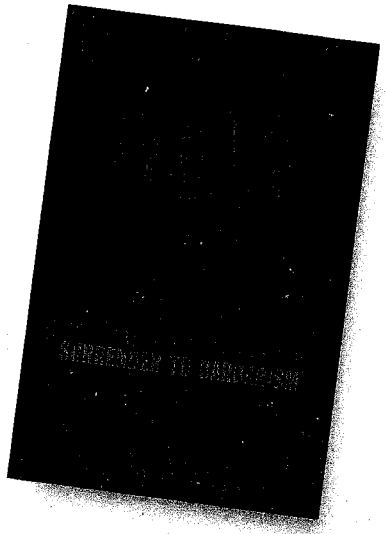

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